

JPRS-NEA-87-025

5 MARCH 1987

Near East/South Asia Report

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SPLM OFFICIAL JOSEPH ODUHO INTERVIEWED

Khartoum HERITAGE in English 12 Jan 87 pp 5, 6

[Interview with SPLM Official Joseph Oduho by HERITAGE editor Arop Madut, in Addis Ababa, date not given]

[Text] Heritage:

You were the President of the first Southern Movement (Any-Nya) which was working for the separation of Southern Sudan from the rest, of the country into an independent state. What made you to change your mind and joined the SPLA/SPLM whose aims at the Liberation of the whole Sudan?

Joseph Oduho;

In modern world many things do happen. Problems do grow and mature. If in the past I did support separation of the South from the rest of the country and today advocating the liberation of the whole Sudan, it is only a common sense and natural that I should do so.

Unless one has decided to insulate oneself against events; against the facts of life and even against truth, he cannot escape facing new realities.

It is a reality that Sudan like any other African country was moulded to suit the Colonial desire. It was expected that a separatist movement would arise as it did happen in most of the post colonial Africa.

As you may recall, it has been very difficult to change the colonial boundaries, once these countries were free.

There was only one country in the world, if I am correct, in which a new state was carved out after independence. That was Bangladesh (East Pakistan). But the break away only succeeded through the intervention of a semi-super power, India.

During our first movement in the Southern Sudan between 1955-1972, no country came to our assistance in our drive to establish a separate Independent African state.

This was because most of our African neighbours either did not want to help us or they had problems of their own which they had to attend to.

In brief, we did not have an Indira Gandhi to take up the responsibility to assist us in our march to secession.

As man can grow and develop, so is his mind. On my part, as I grew older, it was natural that my mind had developed through experiences of other people. These experiences have made me look at the issues with a wider scope.

At the age of 60 I realized that we belong to a greater world, rather than our small environment. I also discovered that we in the Southern Sudan were not the only backward and suffering people. There are the Nubas, the Furs, the Ingassenas, and the Beja who are not less African than we are in the Southern Sudan.

So when I joined the Sudan Peoples Liberation movement (SPLM) in 1983, it was natural that I have to work for a New Sudan. A Sudan in which Sudanese from Ingessena, Raga, Nimule, Kapoeta, Suakin, Geneina, Wadi Halfa or Nyala can have a chance of becoming the President of the Republic or hold any other key posts.

The Sudan we want is a Sudan of justice for all, equal opportunities for all; equitable distribution of National wealth and development for all the areas.

Yes, we want a Sudan where every religion or belief is respected, where every individual has the freedom to choose to belong to any heavenly religion or animizm.

[Question] Is it possible that SPLM could create a new Sudan where all will be equal?

[Answer] It is possible to create a New Sudan. If organizations and Political parties that have the same programmes and interests to create a new Sudan, can unite their ranks with the SPLA/SPLM, creation of a new Sudan could be realised.

Some people think that our call for a united New Sudan is a mere camouflage to cover up our separatist designs. No, we are genuine to go for a new Sudan.

[Question] What Political System do you think can be acceptable to this diversified Sudan?

[Answer] The System of Government which has been prevailing in our country for the last thirty years, based on autocratic and oligarchical rule has totally failed.

The capitalist system which claims to grant some kind of freedom is so manipulative to the extent that only very, very few lucky ones that can

succeed, grasp and down-tread the unlucky ones; can be happy; the rest continue to live in Misery, while claiming to be free. Such a system will not succeed in the Sudan.

In a socialist system, it is difficult to exploit an individual.

[Question] So you support a Socialist system of development for the Sudan?

[Answer] You know, in the Sudan we have some kind of a socialist economy, primitive and subsistent as it is. Yet it is better. Because all the land in the Sudan belongs to the state, which can equitably be distributed to all individuals who wish to own pieces of land. What should be avoided in this regard is not to allow few individuals to buy and own large pieces of land to the detriment of all.

We in the SPLA/SPLM believe in mixed economic development. We cannot adopt a marxist-Leninist philosophies at the moment in the Sudan because we have no workers and no factories. The conditions for adopting an ideal socialist system are not conducive in the Sudan at the moment. In the meantime we are struggling for social justice for all of us.

[Question] In the fifties and Sixties you were advocating a western type of democracy for the Sudan. Now you seem to stand for a system in which all means of production are owned by the state. What has made you to change your mind so suddenly?

[Answer] As I have told you before, we are all developing. The kind of persons who cannot develop is not a human being. Human beings learn from one another's experiences. I believe in freedom, but not only freedom for the people of the Southern Sudan, Western Sudan, Eastern Sudan or Northern Sudan, but everywhere, in Latin America, Europe, Asia and the rest of Africa. I have developed through these experiences. If suppose some people see me as having once supported Western systems and a reactionary, I am no longer that. For example, when we were in the government in Juba I did not appreciate corrupt Practices I did not participate in amassing wealth from the poor people in our country. I do not believe in exploitation of man by another man. Naturally, man are equal.

In the Sudan some people are amassing wealth at the expense of others. We will never allow this in a socialist Sudan. Only ideology which can bring about equality, to my mind, is socialist ideology.

[Question] The previous Governments have portrayed the Sudan as an Arab Islamic country, and have come to strongly believe in this. Don't you think that you are going to find it difficult to convince the people to accept anything contrary to that?

[Answer] It is a known fact that the Sudan is in the African continent. It is also a known fact that some people migrated to the Sudan from the Arabian Gulf. To my mind, the whole thing is a sense of belonging. Northern Sudanese for quite a long time have been aligning themselves with Egyptians.

As such, the sense of being Arabs has become stronger. It therefore realistic for them to call the Sudan an Arab state.

In short, the political leaders of the post independent period had projected the Sudan as an Arab country for their own political gains.

Like wise they presented the Sudan as an Islamic state with the view of Khamising the whole country. If today they still believe in this, I then appeal to them to consider themselves as sudanese in Africa because it is not possible to establish on true Arab state in which the majority are Africans. The present political parties should devote their efforts towards uniting all the Sudanese people. This is the only way that can help us out of our present crisis.

[Question] As an African, if your were made president of a new Sudan, would you not work to make the Sudan African as was done by those who call Sudan Arab country?

[Answer] The truth is that Sudan is situated in the African continent and is inhabited by people of Africans and Arab origins. None of the two racial groups cannot be prevented from asserting their place of origin. In the united states of America, the population is composed mostly of people of German, English, French, Irish, Dutch, Nordic and other stocks.

Despite the fact that they do identify themselves with their countries of origin, yet they are proud of being Americans in the first place. We should do this in the Sudan.

The Arabs in the Sudan are free to trace their place of origin but should not force others to belong to their stock. Africans should do the same. I am proud as a Latuka and nothing can prevent me from making such a claim. But I cannot claim that all sudanese should be Latuka.

All of us should be proud of being sudanese in the first place before we can be proud of our places of origin.

[Question] There is a general feeling in the Sudan that the on going war in the Southern Sudan is costing the country more human lives and property and that it should be brought to an end. That the year 1987 should be devoted to the attainment of peace. What is your reaction to this call?

[Answer] I agree with those nationals who are yearning for peace. On my part, I want peace. I have fought for peace. Since 1955, I have never seen any peace. My children have never seen any peaceful life too.

I am now an old man I want peace. I agree also that 1987 should be a year of peace. I want peace now. In fact when the Bishop came to meet us we told them this.

Actually, it is sayed Sadiq Al Mahdi and others who are not genuine about peace. They are contented with just being masters and that is all.

If they were for peace peace could be achieved. That peace must be based on objective conditions of the Sudan.

It should not be at the expense of the South, West, East and the North. This peace should bring about benefits to the (70%) Seventy percent under developed sudanese not the 30% of the special clique.

In fact I am for peace but not for peace's sake because if we repeat the same mistake as we did with the Addis Ababa Agreement, then we will be back to war again.

The Addis agreement was superficial because when we want to put it into practice in Juba, we found ourselves actually hand tied. We could not make a headway. I had mentioned this in Addis before we went to Khartoum but I was not listened to. Lewa Bagir Ahmed and Abel Alier were present, when I made my reservations known.

It was agreed that my suggestions were going to be looked into later on.

Unfortunately Nimeiri took the Addis Agreement as a face saving device which must be concluded in a hurry. He was not serious at all about his pledges.

It is sad that it has become a habit for some Northern Sudanese Politicians to ask for peace when their interests are threatened. [Word illegible] when the arms have been put down and danger is past, they forget the past and begin to dishonour what ever commitments they had made. They begin to sing their usual song; This Sudan is an Arab country, this Sudan is a muslim country and all the people in it must be Islamized, this country must be ruled with the Islamic Sharia.

We will have to see that peace is no longer achieved through intrigue like what happened in Addis Ababa. It should be a genuine and a lasting peace.

[Question] According to the statements recently issued by the Prime Minister he seem to be genuine about peace process.

[Answer] Well I am not in the Sudan to know that he is really genuine about peace there. But there are some feelers to show that he is not genuine. He is reported to be building up a formidable army in the Sudan. He recently boasted in Italy that he has managed to clear the way between Kostî and Malakal and between Babanusa and Wau, through Raga and that he is flying troops to Juba. This is the man working for peace.

If Saddiq was genuine about peace, he would have not taken the shooting down of the Sudan Airways plane as a pretext for calling off peace talks. We told this to the Bishops when they come to meet us.

We want peace and this peace must be for the benefit of all the peoples of the Sudan and not for the benefit of those who call themselves Awaloal Albalad.

[Question] There is a general talk that your organization does not accept old politicians within your ranks; what is your comment?

[Answer] As one of the cofounders of the SPLA/SPLM, I have not seen any thing in the young leadership of the movement which suggests that they do not want ex-ministers or politician within our ranks. As an elderly politician I would have not been here if this was the case. This is a malicious propaganda. If we have problems it is because any organization can always have problems, and we in the SPLA/SPLM have our own problems. But, they do not amount to rejection of the old by the younger leadership.

[Question] In the Sudan these days there is a call for one united Southern region what is your comment?

[Answer] The south has always been one and will always remain one. Division or unity of the South in my opinion, will not help solve our current problems.

Some people from the South, specially from Equatoria have taken their personal grievances and projected them, thus playing into the hands of the Khartoum clique.

In brief, Unity of the South is not our priority at present, because the East, the West, And the North have the same problems. We are out for a greater unity of our people. If the south unite, then it will help us more for the attainment of a lasting peace and unity in our country.

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CSO: 4500/61

SPLA REASONS FOR CONTINUING WAR REPORTED

Khartoum SUDAN TIMES in English 22 Jan 87 p 1

[Text] The Sudan Peoples Liberation Army, SPLA has set out eight main reasons why they are to continue to prosecute the civil war in Southern Sudan. In a press statement, issued at Addis Ababa, Ethiopia in answer to the repeated charges by the Sudan Government and Sudanese politicians that they have no reason to continue to carry arms against Sudan, the SPLA said that the same reasons and the same conditions for which they took up arms against the regime of Jafaar El Nimeiri still prevail in Sudan today and so see no reason for them to end their struggle to win freedom and equality for and between all the people of Sudan.

The SPLA statement, the full text of which will appear in our next issue said;

"There are very strong reasons why the SPLA is still engaged in armed struggle:

1. Dictator Nimeiri has gone but his policies, laws and institutions are still in force. The September Sharia Laws of 1983 have not yet been repealed. The government is working out alternative Islamic laws. We want a complete secular state because the Sudan is a multi-racial and religious society.
2. The elections which were conducted in parts of the country which brought the present government to power, were partial and therefore undemocratic.
3. Military pacts and protocols made by Nimeiri with some foreign powers are still in force and the government has several times said they will remain whether we like them or not.
4. The political and military power and the civil service are actually the monopoly of the two families, that is Mahdi and Mirghani, and their cronies.
5. The state of emergency which is incompatible with democracy has not been lifted.
6. Demonstrations which are a way by which citizens express their views are not allowed.

7. The peace dialogue which we initiated before even the present government came to power is being rejected by the government which is out for a military solution to the present problem. Democrats solve national problems through dialogue. The prime minister is politicising the national army, also a practice not known in democracies. He is on record as saying that he will mobilize the population of the Northern Sudan to annihilate the people of the Southern Sudan. Some generals in the national army who toe his line have said that there is no need for a political solution since they, the generals, are going to solve the problem militarily. The latest of these utterances was made by the military commander of Equatoria, General Abdel Ruhman Said. Is it a military or a civilian rule or a dictatorship of the two?

8. The prime minister of the Sudan and his coalition partners are asking Arab and Islamic countries to help them in their fight against the SPLM/SPLA. In a democracy racial and religious agitation is a contradiction in terms. We do not want our internal problems to be internationalised or to take the form of racial and religious confrontation which will destabilise the region."

The statement concluded that since there is no change in policies and system of rule, and since the present ruling class does not want peaceful solution to our national problems the SPLA has no choice, but to fight to bring about lasting peace and equality among all the nationalities of our country and for democracy and unity.

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CSO: 4500/61

ISLAMIZATION OF HOTELS REPORTED

Khartoum SUDAN TIMES in English 23 Jan 87 p 1

[Text]

Sudan Times: Special Report

WHILE THE GOVERNMENT ENGAGES IN LIBERAL RHETORIC, THERE ARE INDICATIONS THAT QUIET ISLAMIZATION OF PUBLIC INSTITUTIONS AND PLACES IS TAKING PLACE. A GOOD EXAMPLE IS THE HOTELS AND TOURISM INDUSTRY. A RECENT DIRECTIVE FROM THE TOURISM AND HOTELS CORPORATION, HOTELS CENTRAL ADMINISTRATION, HAS DIRECTED ALL HOTEL MANAGERS IN THE COUNTRY TO EFFECT "ARABISATION OF ALL NAMES AND TITLES IN ALL THE HOTELS TO STOP THE SWIMMING OF THE TWO SEXES AT THE SAME TIME AT THE HOTEL'S SWIMMING POOLS; TO RESPECT ALL SUDANESE MORALITY AND HOTELS IN DANCING PLACES WITHIN THE HOTELS-[DANCE FLOORS]".

The memorandum from the Director of Hotels Control Administration, which went out to all the Managers of Hotels in the Sudan, was issued on January 12, 1987 indicating, if anything, that the country is moving towards greater and more rigid Islamization of public institutions and not towards liberalisation of, say, the September laws.

The memorandum made it clear that the Hotels Control Administration had received instructions from higher authorities

"Tourism and Hotels Corporation" to issue these instructions. It said that the hotels should adhere to the principles of the Islamic Religion and to remove all 'immoral aspects in society'. Thus swimming together by two sexes or dancing between a male and a female are implicitly deemed by the memorandum to be immoral acts under Islam, since they were singled out as two examples of immorality.

Other points in the memo-

random which do not necessarily have anything to do with immorality in public place or with Islamic principles were also included such as the Sudanisation of administrative and management positions by a gradual replacement of expatriate personnel by Sudanese in the hotel industry. Most industries that require the employment of expatriate personnel to manage these industries and train Sudanese to take over require that such a take over takes place in

a certain manner and within a particular time period.

Sudan Times sought clarification of the directives on the Islamisation of hotels from both the Corporation which supposedly gave instructions and the Hotels Control Administration which issued the instructions to the hotels. A source at the Corporation said he did not know anything about the directives, while the second refused any comments.

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CSO: 4500/61

REPORTER DESCRIBES CONDITIONS ALONG NORTHEAST BORDER

London AL-TADAMUN in Arabic 10-16 Jan 87 p 16

[Article by Ibrahim al-Burjawi: "AL-TADAMUN Visits Liberated Safrah at an Altitude of 2,175 Meters, Military Achievements in Battles in the Northern Mountains, 40 Days of Grueling Battles Decided by Tanks that Climbed into the Mountains for the First Time"]

[Text] Produce, vegetables, fruits, wheat, coffee, sugar, tea, bottles of arak, fabrics, perfumes, video cassettes, Iranian pistachios, walnuts, and almonds were scattered between the vestiges of a few stone houses and of buildings constructed from cane and reeds. Some of them are stores for buying and selling, others are inns for sleeping, baths for relaxing or bathing, coffeehouses, clubs, cabarets, a theatre, a movie house, and taverns. All of them lie on either side of a long, narrow strip that stretches for about 1 kilometer in a valley surrounded by high hills, the most elevated of which is Mount Kujar, with a height of 2,175 meters. Immediately beyond lies the Greater Zab River, the natural boundary between the borders of Iraq and Iran in northeastern Iraq.

The area is Iraqi and is called Safrah. The district we visited the week before last in the course of a tour organized for Arab and foreign journalists by the Iraqi Army Department of Political Guidance bears the same name and lies at an altitude of 1,430 meters above sea level. The road to it is extremely difficult and unpaved, with sharp turns, ascents, and descents. The weather was very cold. Automobiles can get through only if they are provided with wheel guards to prevent their sinking into the mud and snow.

What we saw indicated that this district was the scene of a heated battle a few days ago, a battle which Colonel Latif al-Rafi'i, commander of the 73d Commando Brigade, said was a surprise to the enemy and "a brilliant victory for our forces that launched a lightening attack on the district."

Brigadier General 'Ali Mansur, commander of the Quaysh Falcon Forces, which are under the command of the al-Rashid Forces (I Corps), described the district as having been a staging area for smuggling and sabotage by the Kurdish rebels who were followers of Jalal al-Talibani, the National Union, the Provisional Command, the communists, the followers of Mas'ud al-Barzani, and forces from the Iranian guards. For them, Safrah was a refuge, a retreat for their

saboteurs and fighters, and a center where they could come together or relax. It was also a market for smuggling goods from Iran to Iraq and vice versa. In the hills nearby, the radio station that spoke in the name of al-Barzani and his followers used to be located.

This region and its surroundings occupy an area of approximately 300 square kilometers. It was always under the control of the Kurdish rebels and was entered by the Iraqi army only last month after battles that lasted from 6 November 1986 to 17 December 1986, i.e., more than 40 days, with the fiercest of these battles falling in the last 10 days of the period. The victory of the Quraysh Falcon Forces can be considered a decisive blow to the rebel Kurdish leader, Jalal al-Talibani, who is being supported by Iran, Syria, and Libya, and who opposes self-rule for the region of Kurdistan. The majority of the Kurds accepted self-rule after a free plebiscite.

Brigadier General Mansur, who has the build of an athlete, and who played offense on the army soccer team, said: "We planned the offensive brilliantly and surprised them by using tanks, which they did not think we could use to cross the severe natural obstacles and to reach their high and secure positions. We were able to clean up the hills and mop up the entire area, including 'Awarid Banadurah, Kar, Ahmad al-Rumi, Khujar, Kardah Rashsh, Karnirah, Kunamsi, Dulbashik, the Jalalah area, Kazidah, and hills number 1449, 1733, and 2175, etc., in spite of the roughness of the terrain and the bad weather. We surprised them because they were confident that the winter would prevent us from attacking. They did not expect an attack before the coming summer, particularly since the temperature during those days did not rise above 3 degrees below zero."

Brigadier General Mansur added: "Their losses were heavy, approximately 500 dead and 1,000 wounded, in addition to the loss of many supplies, and much equipment and weapons, such as field artillery, mortars, and heavy machine guns. Many prisoners were taken, not to mention those who surrendered with their weapons. We are told that hundreds of them want to surrender, but that the so-called Islamic Revolutionary Guards who are concentrated with them in their positions on Iranian territory are preventing them from doing so by force and by threats of reprisals against their families.

Praising the fighters of the Kurdish National Defense Regiments who performed an important role in achieving victory against the rebels, Brigadier General Mansur said: "In brief, we seized the initiative and continued to push them back thus expelling them forever."

Among these fighters who wear folk costumes such as the Kurdish sirwal [balloon trousers] and the turban, always carry their rifles on their shoulders, and wear a cartridge belt and another of hand grenades even while farming or carrying firewood on their mules and donkeys, we met the shaykh of a tribe who lives in the famous Kurdish border city of Yamut, which lies 24 km northeast of al-Sulaymaniyah and 43 km from the international boundary. He works as an advisor in the National Defense Regiments and can be considered the real

commander of one of these regiments. He is assisted by a military commander from the regular army.

The tribal shaykh said to us: "The rebels did not appreciate the golden opportunity President Saddam Husayn offered to the Kurds when he granted them self-rule and inundated them with aid and resources. Instead, they continued to go astray, working in the interest of the enemies of Iraq, and taking advantage of the fact that the Iraqi army had gone off to fight its enemy, the Persians. They caused havoc in the land. We have experienced bitter suffering at their hands, since they were always shelling our villages. We in the city of Yamut knew no repose and security until after the rebels were driven out by our forces and the brave Quraysh Falcon Forces. I wonder how they could claim to be defending the Kurds even while their attacks were directed at us patriotic Kurds."

Hurrying to the special military jeeps prepared for us by the army command, we left Safran hurriedly after hearing the sound of shells and seeing some of them fall on some of the heights surrounding us. One of the young commanders laughed at us, saying: "Don't be afraid. They are shells from the Iranian artillery across the border. They are working off the complexes that their defeat here caused them."

Such was the conclusion of our difficult journey amidst the snow, high mountains, and severe cold, a journey that had taken 12 hours, 6 of them by helicopter, and another 6 among the valleys, heights, hairpin turns, stony and dirt roads of northern Iraq.

But our joy at the liberation of Iraqi Arab land made us forget the hardship of a journey tiring for journalists some of whom were no longer youngsters!

12937/12851

CSO: 4404/195

NEW IRRIGATION PROJECT DESCRIBED

London AL-TADAMUN in Arabic 10-16 Jan 87 p 39

[Article by Amuri al-Rimahi: "Computer Operates the Saddam Irrigation Project"]

[Text] One of the most important and modern projects accomplished recently in Iraq, despite war conditions, and under the slogan, "Agriculture is endless oil," is the great irrigation project called the "Saddam Irrigation Project."

Engineer Abd-al-Wahhab Mahmud, the Iraqi minister of irrigation, says about the project:

"The Saddam Irrigation Project constitutes one of Iraq's gigantic irrigation projects, as well as one of the major irrigation projects in the world. It was given President Saddam Husayn's name in order to immortalize his role in and concern for this project and for irrigation projects in Iraq.

"The guidance of the president had a great influence on the achievement of the first phase of the project in spite of war conditions. Work on this phase was completed due to continuous efforts by the Iraqi and Arab cadre in the project on its various levels." The minister stated that the project plans are among the most modern in the world. The main canal of the project is lined, and the branch canals form an integrated network of asbestos pipes buried underground. Water will flow through them under a definite pressure and will reach the fields by means of a special outlet.

As for the overall area of the project, the Iraqi minister of irrigations said: "It covers about 1 million dunams and is located in three governorates: al-Ta'mim, Salah-al-Din, and Diyala. The completed first phase of the project, which has been dedicated, totals 350,000 dunams. The main canal is 67 kilometers long and is lined with salt-resistant concrete. The branch pipeline canals total 265 kilometers."

He added: "The first phase includes 4 large barrages, 56 small barrages, and 4 siphons, among other things. In addition, there is an automatic control apparatus to operate the principal schedule of the barrages. The project is entirely managed by a computer that remotely controls regulation and irrigation operations in the project.

"Seven model modern villages have been built, including 577 spacious homes. Four experimental farms have been established for scientific, agricultural, and irrigation research, as well as a large farm for the growing of sugar beets.

"Work continues on completing the project's second phase, which includes a 35 kilometer extension of the principal canal and lining it with concrete to lower water losses to the lowest possible level."

The Iraqi minister of irrigation stated: "The fruits of this strategic project will have major positive impact on the flourishing of agriculture in Iraq. The project will contribute to providing food security for Iraq and the Arab world, inasmuch as a study has been done of crop rotations and of the crops suitable to the soil and weather conditions of the project, and this will lead to the choice of suitably productive crops and ones that are needed by industry, such as presently imported raw materials.

12937/12851

CSO: 4404/195

PESHMERGE DECLARE FRIENDSHIP FOR TURKEY

Istanbul TERCUMAN in Turkish 7-12 Oct 86

[Report from northern Iraq by correspondent Sehnaz Kaplan]

[7 Oct 86 p 7]

[Text] Iraq is one of those Middle Eastern countries where the air is filled with the smell not of flowers but of gunpowder. On top of the 6-year war with Iran, the presence of Barzani forces in the northern areas of the country does nothing but increase tensions which are felt outside the region as well.

We may not know how people of Iraq feel about what goes on in northern Iraq but as journalists from a neighboring country it has long been a matter of some curiosity for us. And more recently, northern Iraq -- its people, its air, its soil -- has become the focus of our thoughts compelling us to see the region first hand.

On Location

Through an intermediary we established contact with a village in the area, and started planning. It was the first time any of us would make an illegal crossing. The risk seemed worthwhile as we were offered the prospect of coming face to face with Barzani's peshmerges fighting the Iraqi forces in the north of Iraq. We would be getting to observe, at close quarters, how they lived and fought.

On 11 pm Wednesday we set off, three of us. Reaching Van at sunrise we departed on a second bus, destination Hakkari. Turkey's furthestmost province in the southeast Hakkari is an unusual town. With its streets, pavements and buildings it is almost the very symbol of backwardness. But against this, its people were extremely warm and hospitable. We spent the night in this town which compensates for its backwardness with its affection.

The Magnificent Cilo Mountain

Situated on high mountain ranges, Hakkari, with its clear air, washed away all our fatigue by the early hours of the morning, when we got up. Straight ahead was Cilo smiling at us, while on our right, we saw the Tanin Tanin range looking rather ominous. I was contemplating how many bandits have been roaming around these mountains, how many Turkish soldiers fell martyr on these ranges, and how many more were to die. I was jolted back to reality by my friends' prodding: "Come on, we're going!"

Adventurous Journey

We departed in the morning towards Cukurca. The road being narrow and full of sharp turns it took us 10 hours to complete the 78 km journey. We were frequently being stopped and searched by security forces. I was exempted from the body search for being a woman but my friends were being searched thoroughly and our identity papers were carefully checked. A persistent question was our destination. When they understood what our objective was, they immediately resorted to warnings about the distance and the dangers involved, solemnly announcing that our security could not be guaranteed.

First Female Journalist in These Parts

In Cukurca we were met by our guides. One of them welcomed us in Kurdish, saying, "Welcome sister, welcome gentlemen," and turning to me said: "You are the first woman journalist in these parts, and the first to travel this route to Iraq. We are at your service."

Impatient, I asked them when we would depart. "Immediately," was the answer. In the middle of the night we set off again for the interminable roads full of zigzags. After nearly 3 hours, we could see the lights of Uzundere, the border village. Just as I was about to say, "At last!" we found ourselves on a path leading to the gendarmerie outpost (whether by deliberate design on the part of the driver or out of inexperience is difficult to say). The gendarmes detained and questioned us for a while, informing us that it would be dangerous for us to enter the village, and that we had to go back. It was nearly dark. We wanted to spend the night somewhere close to the outpost and set off in the morning. But an official said, "You cannot be secure even right here. We cannot take responsibility. As you do not belong there you cannot enter the village either. You will have to go back."

We didn't have any choice but to go back. These series of misfortunes right at the outset had already frayed our nerves.

On the return journey none of us uttered a single word. We drove back in pitch dark zigzagging our way through those frightful mountains. When we arrived back in Hakkari we were burnt out physically and emotionally. We went to sleep immediately.

The next morning we called our head office and received instructions to abort the mission. But I found it hard to accept defeat so soon, having dreamt for many months about this trip which was on the verge of becoming reality. Everything had been planned to the detail. If we returned now we would never have a chance like that. We had to make a decision. We weren't quitting. We were going to try another route into Iraq. We had to do it whatever the cost. This time we were going to try the crossing from a border village in the Uludere district.

[8 Oct 86 p 5]

[Text] After the unsuccessful first attempt, we set off with renewed determination to cross into northern Iraq. This time the locale was to be a border village in the Uludere district. The next day we hit the road again. From the Uludere area we drove right to the border. Walking all day past several Turkish border villages, we found our way, with some help from villagers, to the Iraqi border village of Mergi where we arrived at about 5:30 pm. In the village we came across several customs officers of the Zaho district operating under the auspices of the Barzani forces. In a hushed voice we talked to the senior customs officer by the name of Fuat, explaining to him our reason for being there. Meanwhile, a group of peshmerges, about 20 of them, came near us. Fuat, the customs man, told us they were a contingent of Barzani forces. Their commander Osman Kasim, having found out who we were, said he could take us to his commander, remarking, "The commander is a good man. His name is Seyit Salih. He is the commander of Lak-1. He will help you, so lets go."

After the unsuccessful first attempt, we were incredulous that everything was going so smoothly. We had crossed the border and established contact with Barzani forces without any trouble whatsoever. We were slightly astonished though quite happy with the reception we got.

Mullah Mustafa Barzani's Testament

We took to the road together with Osman Kasim one our way to meet the commander. While talking to us he was monitoring the surrounding area, tightly holding a weapon we had never seen before. When asked what the weapon was he responded, "M-16". Though he was trying to allay our anxiety by appearing calm, it

was quite obvious that he was as uneasy as we were. When we asked the reason he responded:

We cannot let up even for a moment. The words of late Mullah Mustafa Barzani still echo in our ears. We cannot rest until we establish the Democratic State of Kurdistan. It is either that or we die. And if this state is not founded upon Islam let God deny success to us.

Identity Checks

After walking two hours hours in the mountains, away from the border, we encountered a group of men. Osman Kasim talked, in hushed tones, with the leader of the group. The leader then came near us saying his name was Ahmet Chelki, and set about checking our papers in a somewhat harsh manner. We were all shivering with fear. During the identity check I realized I could no longer stand on my feet and collapsed on the ground. This was the first frightful episode we encountered since crossing the border, and, unless Ahmet Chelki mellowed down a bit, I shuddered to think what might become of us. The identity check, which lasted a few minutes, seemed like eternity. After that, we were subjected to a long line of questioning by Ahmet Chelki who finally informed us that we could proceed to the locale of the commander. Relieved, I took a deep breath.

We were advised to change our clothing to avoid being mistaken by sentries ahead as enemy. So we changed into the local attire (the trademark shawl and headgear referred to as 'shal-shapik') looking no different than the peshmerges. We walked another 3 hours to Revan where the commander was said to be. We passed through further identity checks, four more. While our peshmerge companions were still fresh and sprightly we were near exhaustion.

Commander in the Mountain Cave

Commander Seyit Salih greeted us sitting cross-legged in a mountain cave in the Revan area. About 40-50 years old, with a sharp stare and stern expression, he was surrounded by armed peshmerges. We stopped 8-10 m from the cave. Osman Kasim approached the commander, holding our identity cards in his hand. Talking for a while they examined the identity cards. It was so that though we were 10 m away we could hear them in whispers. After a while commander Seyit Salih raised his head, scrutinized us for a moment or two, and beckoned us with his hand. Taking a deep breath to suppress our excitement we walked slowly toward him. He indicated where we should sit, so we sat down. He took one final look at our identity cards, examining the photos thoroughly. It wasn't too long before the commander felt confi-

dent about us, and almost simultaneously, the stern expression in his face was converted into a warm smile. We were relieved. Telling him that we came to record our observations of the peshmerge life, we asked for his help. He promised to help us provided we abided by certain restrictions over the taking of pictures.

[9 Oct 86 p 7]

[Text] We were savouring the good fortune having realized our aim -- meeting Seyit Salih after negotiating the hurdles along the way. The reception we got from the commander had made all our fears disappear. As our fears subsided, curiosity and excitement had taken over. I asked the commander whether I could photograph their flag and ranking officers. Until the time they become an officially established state, the carrying of rank and insignia was forbidden. This is what Seyit Salih said:

We cannot indulge in such things before becoming a state. It is a matter of principle with us. I view myself as a common peshmerge, for instance. As to our flag, it is used once a year and at a single place -- on the anniversary of Mullah Mustafa Barzani's death when it is hoisted by his brother Mehmet Halit Barzani.

Shootings at Barzani's Gravesite

[Question] Where is Mullah Mustafa Barzani buried?

[Answer] In Iran.

[Question] Whereabouts in Iran?

[Answer] That is an absolute secret. His grave used to be at Shino previously. Two people were shot trying to dig his remains out. His burial site was changed after that. Now there is round-the-clock surveillance at his gravesite.

[Question] These places where you live, do they belong to you? We haven't seen any official signs -- street signs, town signs -- on our way here.

[Answer] We have been fighting for years now. This is a guerilla war. So we don't use signs. Signs indicate where people are. We never stay permanently at one place. And these areas do belong to us.

[Question] Could you give us some information about the peshmerges? How do they become peshmerges, and how and where are they being trained to fight?

[Answer] There is a long preliminary investigation for everyone who wants to become a peshmerge. This lasts at least 6 months. During this period they would be staying among peshmerge groups with no specified mission. Having survived the investigation they would then be eligible for military and weapons training. In 3 months they would become heavy machine gun-carrying peshmerges. Initial salary is 60 dinars [about \$50]. As they rise in seniority their salary increases. Married peshmerges receive more.

[Question] Do you allow your women to fight?

[Text] The commander answered this question with obvious displeasure: "Our customs, our party do not allow women for military activity."

Prayer under Shadow of Guns

Having answered our question concerning women Seyit Salih pointed out that it was time for prayer and excused himself. Placing a sentry to guard the cave he went down to a dried-out river embankment with the other peshmerges and started praying. We were watching them in astonishment never thinking they would be praying in the middle of a war, under the shadow of guns. We somehow felt closer to these people who did not allow even war to interfere with their prayers.

Following prayers, as peshmerges started a session of weapons maintenance, the commander returned to our side and motioned "Lets continue".

[Question] Can you take us to Lak-1?

[Answer] It isn't possible right now. I don't know how long I will be staying in these parts. I receive my orders from Masud Barzani, from Iijna headquarters. I cannot go back to Lak-1 until I receive orders from there.

[Question] Then, can you arrange for us to go there?

[Answer] I can do that but without me you won't be able to accomplish much. There won't be anybody, apart from myself, whom you can talk to. Therefore, you will have to wait for my return.

[Text] We indicated to Seyit Salih our wish to photograph their heavy weaponry. He said he did not have the authority. He would have to ask permission from Ijina, and that would take some time. So he suggested we take pictures of their light weapons.

Many Surgeons and Doctors

[Question] How do you treat your wounded soldiers and those who fall ill? Do you have hospitals?

[Answer] We use stone-houses as hospitals. Surgical operations take place there, and the ill are treated there. In these hospitals there are at least three surgeons at any one time, and several doctors. Our surgeons and doctors are very competent. They all have been trained abroad. Doctor Rizgar and his assistant, Doctor Serdar, are the ones who usually perform operations involving wounds, and they have been successful every time.

[Question] Do you have nurses?

[Answer] With us, women cannot enter the camps. So we don't have nurses at our hospitals. We do have health auxiliaries though.

[10 Oct 86 p 7]

[Text] Commander Seyit Salih (who provides for his men in the best possible manner even in the mountainous areas of northern Iraq) states that they never view Turkey as their enemy, expressing his views on the matter as follows:

As the party of Barzani (IKDP) we have never seen the Turks as our enemy. Therefore, so long as Turkey does not show enmity toward us, we are not enemies of the Turkish state and its soldiers. That is in line with the legacy of our great commanders. And we shall never be enemies. We will always see them as friends.

Turning his attention to a slightly different matter Seyit Salih said: "If the Turkish government is worried about Barzani forces supporting the PKK I may point out that we wouldn't support the enemy of our friend." Elaborating further, he stated: "The Republic of Turkey might well believe we are supporting the PKK. It is quite possible they have secretly entered and exited our areas, as they do in Turkish territory."

Frequently referring to the friendly sentiments they feel towards Turkey, Seyit Salih added: "For those who may not believe what I say, let them compare PKK's programme against ours. We are founded as an Islamic organization, whereas they are founded as a socialist organization. Therefore, our goals and targets cannot be the same."

Claiming he is empowered to make all these statements in the name of Masud Barzani, Seyit Salih stated: "At every meeting our leader repeats what I have been telling you here. Turkey's friendship is a legacy of Mullah Mustafa Barzani to us. It, therefore, carries much significance and will continue."

Cannot Take On 50 million

Seyit Salih expressed his views concerning the PKK (otherwise known as 'Apocular') as follows:

"If we allow the PKK people or 'Apocular', who want to divide and fragment Turkish territory by engaging in sporadic armed violence inside Turkey, roam free in our territory and battle zones, they would be fighting against us while engaging in a good deal of propaganda. We are absolutely against their moving in and out of our territory. They may go around saying, 'We are powerful, we are fighting right inside the Turkish Republic' but we don't believe they could successfully take on a country of 50 million."

Responding to our question about the Iran-Iraq war, Seyit Salih said: "The Iraqi government is unhelpful in every respect, does not recognize us, and treats us badly. Therefore, we want Iran to win this war. Such an outcome would be very favorable as far as we are concerned."

End of Feud with Talabani

Regarding their relations with Talabani this is what Seyit Salih had to say:

Jalal Talabani's organization performed an act of high treachery against the Kurds of Iraq in 66. An enmity ensued between us after that, and both sides lost thousands of men to martyrdom. But since 80 we have put an end to this feud. We are no longer enemies though this does not mean we are loyal friends. So far as I can tell he is fighting against the Iraqi government. We have no communications with him whatsoever.

Kurdish State To Be Founded on Iraqi Soil

Noting that they have been trying to establish a Kurdish state, and fighting the Iraqi government for years to that end, Seyit Salih said:

We want to establish the Kurdish state, which has been our goal for centuries, by fighting against the Iraqi government. We will establish the Kurdistan Democratic Party on Iraqi soil, that's for sure. We do not covet any other country's territory. We will carry on our struggle, without letting up, until we reach our goal."

PHOTO CAPTIONS

1. Before going on sentry duty peshmerges perform the all-important duty of weapons maintenance. Picture shows a group of peshmerges cleaning their Kalashnikovs.
2. Peshmerges on sentry duty -- in all kinds of defense formations, monitoring the countryside with binoculars, waiting hand on trigger. These are common sights along the road.

[11 Oct 86 p 5]

[Text] The Iraqi Kurdistan Democratic Party (IKDP) under the leadership of Masud Barzani maintains 4 fully-equipped campsites at different locales in northern Iraq. Called 'Herim' in Kurdish, these camps are under the direction of 'lijna' headquarters in Zive, which is in the Rizgariye area west of Iran. The town, Zive, is constituted of dwellings constructed by Masud Barzani. There are 4,000 houses laid out in 4 rows. Masud and his elder brother Idris Barzani, who is conducting the communications with the Islamic Republic of Iran, live in these houses. Barzani conducts party affairs, and issues his orders from there. And unless he has to, he doesn't come to the camps in northern Iraq. Of the 4 camps, the one called 'Keshan' is located in the Zaho area; 'Girika' is in the Duhok area; 'Gilika' on the Iran-Iraq border; and 'Kandil' on the Kandil mountain on the Iran-Iraq border.

Armed Peshmerges

Under the direction of 'lijna' IKDP has 6,000 peshmerges organized into 4 'hez'. The peshmerges are distributed to the 'hez' in equal numbers. In each 'hez' 1,000 peshmerges are under constant preparedness, continuing their training. The remaining 500 serve as mobile units. These are called 'rapidly deployable forces'. Barzani soldiers, most of whom trained for

guerilla warfare, serve in various categories -- commando, (heze hele gord), infantry (bergiri milli), gendarmerie (haraz hudud).

Weapons

Barzani soldiers usually carry Kalashnikov and Burno (long-barrel, 5) assault rifles; as heavy machine guns they have 'Tetryof' and 'Kanas' (both manual loading and automatic feeder), 'Reshash Burno' (manual loading), and 'Girinof' (with wide muzzle).

Against Iraqi air attacks they employ two types of anti-aircraft weapons: the single-missile and single-barrel mobile ('seygir') unit; and the double-barrel, with automatic feeder permanently affixed to the ground at campsites. They also employ 12.4 mm, 80 mm and 55 mm artillery.

Barzani forces engage in guerilla warfare against Iraq as they do not have established frontlines. Consequently their defense lines are found on high, steep and rocky mountain ranges. The raids against Iraq are conducted from there. They carry their ammunition either on their shoulders, or on the back of mules.

Operations Conducted in Full-Gear

Barzani forces engage in their operations against Iraqi units (sometimes a regiment) fully-equipped which may account for their regular successes. Their equipment includes rocket-launchers, rocket-launched grenades, a heavy machine gun, one 55 mm artillery piece, 7 loaders, two hand grenades, communications equipment, mine detectors. Such equipment is found in all mobile units. These units are comprised of two groups with 20 soldiers in each, led by an experienced individual. Barzani forces often bring tanks captured during engagements back to the camps, to be used as anti-aircraft weapons during Iraqi air raids.

[12 Oct 86 p 7]

[Text] An outfit called Kurdistan Democratic Organization, operating in Iraq, is engaged in enforcing the shari'a in matters of crime and punishment (thus perpetuating local traditions). This way, a cultural clash with the devout people of the region is being avoided. On the other hand, the higher-level administrators and senior militants in the organization subscribe to leftist ideologies that may extend as far as Marxism.

Thieves have their hand (the one directly involved in the thievery) cut off. Legal procedures for more serious crimes are conducted at 'lijna'. Questioning at the campsite is conducted by Seyit Salih, the commander of Lak-1 (lake yek). On the judicial panel, Masud Barzani's commanders take their places, rather like political commissars, alongside the fiqh (Islamic legal traditions) experts, and generally have an impact on decisions. Their numbers on the panel vary according to the nature of the crime.

Ordinary Iraqi soldiers captured during engagements are treated as 'prisoners of war'. Officers, whatever their rank, are sent to Iran to be questioned at the 'lijna'. Iran, supporting this separatist organization against Iraq, treats them in an accommodating manner.

Customs Duties

In regions of northern Iraq under Barzani control, customs officers are maintained along the border. These men, who also happen to be soldiers, collect duties from the peshmerges. The duties vary; for example, 5 dinars are paid for every load of mule, whereas 3 dinars for every oxen load. These taxes, dubbed 'participation', are voluntary.

Peshmerge's Children

There is practically no educational opportunities for children in these areas. Peshmerges send their children to primary and secondary schools in Iran. Students, according to the monetary status of the family, might be sent abroad -- to places like Kurdistan Educational Institute in France. And some students are given weapons and military training in countries like France, Switzerland and Iran. Those who wish to pursue their studies in other disciplines usually go to Germany.

Families with below average incomes send their children to preachers at village mosques to make sure they acquire literacy. So in every village a preacher is maintained.

Kurdish-speaking children in all parts of Iraq, when they reach military service age, flee to Barzani's side to avoid recruitment to the Iraqi army. Thus Kurdish youths become peshmerges fighting the Iraqi government on the side of Barzani.

Non-Combatants

After the wholesale destruction of villages in 84, some peshmerges have settled in the mountains and forest regions, growing fruits and raising animals on large tracts of land vacated by the Iraqi government. Peshmerges under arms are paid salary-

ies that vary between 60-500 dinars. Those who aren't peshmerges engage in commerce, occasionally trading at Turkish border villages. They market their fruit and vegetable produce in Turkey, Iran and Iraq.

Marriage Rites

Among the Barzani peshmerges marriage rites have been traditionally different compared to other regions. A peshmerge may pay about 10-20 dinars to the prospective bride's family. An older peshmerge can marry a young girl by paying 18 dinars. The going rate among peshmerges living in villages is 500 dinars which goes to pay for the bride's dowry.

The peshmerges marriage is usually an arranged one. That is, the couples do not see each other prior to the wedding. After the engagement the relatives of the groom descend upon the bride's house for eating, drinking and merriment. They sing and dance to their folkloric tunes. According to the financial status of the groom's family some weddings last one night but some go on for up to 7 nights. All the men attending the wedding pay between 5-200 dinars towards the dowry. The women, on the other hand, bring various trinkets and gifts to the bride the day after the wedding.

[12 Oct 86 p 7]

[Text] On our way to northern Iraq, passing through the 'terror route', we frequently ran into security forces. On these roads, and in areas where separatists are to be found, all vehicles are stopped and searched. All persons are subjected to identity check one by one.

It is said that PKK (which has been engaged in separatist activities under the name 'Apocular' in southeastern Anatolia for some time) is now engaged in propaganda -- addressing crowds, distributing leaflets -- in places like Yuksekova, Semdinli, Cukurca (all in Hakkari province) which they have designated as pilot areas.

Meanwhile, it is alleged that two organised groups have stopped the traffic at the Hakkari-Uludere-Cukurca crossroads, distributing leaflets inviting the people to support their cause. One of these groups (code name: Kamuran) is in charge of the Beytushabap and Catak area; and the other (code name: Haji Omar) responsible for Cukurca and the area west of Hakkari.

After reports of the illegal PKK entering Turkey through border villages of Hakkari and Siirt, Turkish security forces have tightened controls over these roads. Those regarded as suspicious or found without identity cards are being detained.

Meanwhile, Turkish security forces keep sending reinforcements to these areas. And outposts are being set up at the Cukurca-Beytusshebap-Uludere crossroads, and by the roads leading to it.

PHOTO CAPTION

1. A distant photo of Mergi, in the Haftanin area of northern Iraq. A river that crosses through the village. Area villages in the area are usually located in mountainous and forest regions in a dispersed manner. (This picture is taken secretly).

12466
CSO: 3554/93

KHALIL KARSU' INTERVIEWED ON ECONOMY IN OCCUPIED TERRITORIES

Jerusalem AL-NAHAR in Arabic 19 Sep 86 p 3

[Interview with economist Khalil Karsu': "The Jordanian Development Plan Aims to Strengthen the Steadfastness of Citizens on Their Land;" date and place not specified]

[Text] Because of AL-NAHAR's desire to examine all aspects of the economic situation in the occupied Arab territories and to investigate all angles and ramifications of this situation with the aim of sharing in putting forth the desired practical solutions for remedying this tragic situation and in order to cover all sides of this picture, our reporter met with economist Khalil Karsu'.

[Question] What are the most salient problems from which the West Bank and Gaza economy suffers and the measures that would ensure their solution?

[Answer] Our economy suffers from many problems, all of which are the result of the lengthy occupation. [Israel] moves freely on the land as if it were totally its own. As the occupation is entering its 20th year, it is no wonder that we should be witnessing a series of measurable problems on every level and no wonder that the economy itself is in trouble due to all these occupation practices or that it is the target at this stage of the occupation of a portion of our country. Observable and hidden unemployment is a problem, as is the lack of skills in various domains because of the brain drain. The lack of cash flow because of capital flight is also a problem. Added to this is the lack of appropriate guidance and adequate support for the industrialization effort and the inaccessibility to most markets.

In addition to this is the deterioration of the agricultural sector, represented by the gnawing away at the land and the continual loss of farms, as is the case with the lack of expansion of industrial projects due to a fear of the future. Our economy suffers from all these problems. If we know with certainty the size of the problems that the commercial sector is witnessing and the life of poverty and degradation that employees and laborers are living, we subsequently would have a clear picture of the miserable economic situation the West Bank and Gaza are experiencing.

In order to confront all this there must be a financial institution in the land to protect the interests of the citizens and plan for achieving a stable economy, supporting industrial, commercial, agricultural, and housing projects and also protecting our educational and health institutions. Palestinian, Arab, and foreign capital must be encouraged to support the people of the occupied lands through investment in serious projects that would benefit the citizens as well as the financiers, with emphasis on the need to sponsor projects like these and capital through every legitimate means, both locally and internationally.

Projects that can provide the unemployed with work must be implemented immediately. It is also necessary to expand housing projects forcefully and resolutely. It is likewise necessary to support the local universities and guide university education in a sound direction, serving the goals of the approaching phase in our people's lives. The industrial effort must be guided, supported, and protected, and Arab and non-Arab markets must be opened [for industry].

[Question] As an economist in the occupied territories, what part are you playing in reviving the local economy?

[Answer] Ours are among the largest Palestinian financial establishments supporting the people of the occupied territories. They are taking large steps to facilitate the transfer of remittances from emigres to their relatives inside the territories. Likewise, we have been guaranteeing the salaries of those working in UNRWA and we offer loans to merchants and money-changers and to whomever requests material assistance in accordance with our capabilities. We convert and transmit funds to students completing their education abroad. I am not revealing any secret when I tell you that we are supporting the al-Maqassid Hospital and that we paid the workers salaries for an entire year until the hospital was able to get through the crisis it was experiencing at that time. Had that matter not already become known to the people, I would not have mentioned it. In addition, we established a branch of the Zakat Committee in Nabulus when an appointed official for affairs of the poor in the town appealed to us for aid for our needy brethren. We then proposed the formation of a committee to collect zakat funds from the people and distribute them justly among the poor. With God's help we have undertaken our duty in this regard and still do. We now intend to build a home for orphaned children on a plot of land on Faysal Street in Nabulus and indeed recently obtained from the Islamic endowment office in Jerusalem an official document stating that the office will offer up a strip of land adjacent to the Hajj Ma'zuz al-Masri Mosque. We will announce the construction of the home soon, God willing, and it will bear the name of the late Ibrahim Karsu'. We will provide it with all the pertinent medical and technical equipment, furnishings, and equipment. Likewise, we now intend to establish a financial institution in the West Bank for the purpose of supporting the agricultural, industrial, commercial, and educational sectors in the city and the region. We obtained a license for that from the local authorities. We also received a license from the Jordanian economic security committee and we hope that we

will be able to implement this project within a short period of time. We will play our full role toward all citizens and sectors in the region.

[Question] These days there are reports circulating regarding the reopening of one of the banks on the West Bank (the Cairo-Amman Bank). Would you explain this matter for the readers and would you explain the importance of such a step with regard to the people of the occupied territories. How long would it take to prepare to participate in this measure?

[Answer] We welcome the opening of any bank branch that had been operating in the West Bank before 1967, in view of the positive effects this step would have on the economy of the West Bank and on the lives of the people and in establishing them on the land and in eliminating their hardships or at least alleviating them. Indeed, the nature of the coming phase certainly demands such a step, for which the country is in most dire need and which, in my view is the right of the citizens of these lands and, above all, is the gateway through which the Jordanian 5-Year Development Plan will pass. The goal of this plan is to build up the West Bank, to protect the citizens and to establish them on the soil of their homeland. We are most prepared to participate in such a fortuitous measure such as this. We will place all of our expertise in this area at the disposal of this bank. Likewise, we are prepared to support this effort with the necessary funds to guarantee its success and the ability of this bank to undertake its work on behalf of the people of the occupied land in a complete fashion. We are confident that a measure such as this coupled with the efforts by all the sincere sons of this homeland can lift the burdens of Palestinian citizens who have lived under occupation for the longest time. The basics of life must be secured for all citizens of this land and thus we are prepared to perform our role vis-a-vis our people. We have sufficient material power to play a very active role in this regard and we hope to achieve this in the immediate future.

[Question] What is the extent of your readiness to participate in seeking solutions to the crippling housing crisis from which the people of the occupied territories are suffering?

[Answer] When a citizen owns a house in which he shelters his children, he feels that he has established roots in this homeland and he feels that he is not prepared under any circumstance to vacate his home and consequently his homeland. The Jordanian 5-Year Plan has taken this into consideration in its formulation through the thorough study it conducted in this regard. We are prepared to participate in housing projects in the occupied territories under reasonable conditions and on easy terms, guaranteeing the citizens a home and guaranteeing that he can pay the price of this home in easy installments, as we mentioned. Indeed, we own vast areas of these lands in most regions of the West Bank and we are waiting for a chance to open our financial establishments in order to move rapidly in this direction. I believe that this will be accomplished in the foreseeable future, God willing after we smooth out some of the financial matters that concern us. You know, no doubt, as other citizens of this country know, the degree of viciousness of the attack to

which we have been exposed, and you certainly know the underlying reasons behind the attack, the motives and goals of which I will not discuss now. I will instead leave that for the near future. I will discuss its results, in order to say with complete confidence: Thanks to God, in his protection and through many of our brothers standing alongside us, we have emerged from it sturdier and more resistant. Our experience in the area of economics, which goes back more than 40 years, has become deeper and more firmly rooted, and we feel that we have profited from our recent experience in a way that will enable us, with God's aid, to continue our progress on solid bases when we open our new financial institutions, which will not differ in form or content from the most solid banks, or international banks as they are commonly known. I repeat that we have accomplished this with God's help and thanks to our brothers standing by us.

[Question] Do you see other vital projects that this country is in need of? How prepared are you to participate in them?

[Answer] The projects that this country needs are many. This is due to the stagnation that has prevailed in this region for nearly 20 years. Indeed, we have started to take into consideration the needs of farmers, especially in the area of farmland reclamation. We have decided to designate a branch of our institution to act as much as possible as a farmers bank. Its mission would be to give longterm loans to farmers to reclaim their agricultural lands and also subsidize their agricultural products. This, as you know, requires ample funds, but we are determined to proceed along the line we have taken. At the same time, we beseech our brothers rebelling against the 5-Year Development Plan to take into consideration our course of action and our goals, especially as we are bound by a sincere and ancient bond to those who are against th's plan. There is no doubt that our path is one, and our goals shared. We are progressing on our way and we will not be dissuaded from this resolve of ours one bit, with God's help. At the same time, we are coordinating with our brothers who are interested in the 5-year plan with the goal of realizing the aspirations of our one people for sovereignty, freedom, development, and prosperity.

[Question] The industrial sector in the occupied territories is suffering from a number of problems. What are the most prominent ones? And what is needed to revitalize this sector?

[Answer] The industrial sector in the occupied territories suffers from unfair competition. While we find developed industry in Israel, we find primitive industry in the West Bank and Gaza strip. At the same time the Israelis are flooding our local markets with their industrial and agricultural goods and products, selling them while those engaged in industry in the West Bank and Gaza are prohibited from exporting their products or marketing them in Israel. This is something that makes conditions worse in the West Bank and Gaza. In addition to that, there are problems in the importation of the necessary raw materials for industry and the sanctions imposed on local importers who naturally submit to Israeli control and close supervision. Let's not forget the rise in production costs for local industry due to many well known reasons,

among which, the numerous taxes of every shape, color, and ideology, and also the unfair competition aimed at destroying our economy. Thus, the industrialist finds himself in a whirlpool, exposed to real losses. Therefore the blows that have struck the industrial sector have been deadly. This sector must be given more attention and support in the 5-year plan and we, as I have said, are prepared to play our role in this domain within the limits of our abilities. In this regard, I repeat what I said with regard to designating a branch of our institution as a farmers bank, stressing that we will designate another branch for the purpose of supporting, stimulating, and reviving the industrial effort in this country.

[Question] Does brother Khalil wish to say a final word?

[Answer] We want prosperity for our country and our countrymen and we beseech the people to help one another during this crucial and difficult period and to try to understand the difficult circumstances to which this country and its institutions are exposed and to trust that these difficulties are a temporary obstacle that will certainly be overcome with a little wisdom, patience, and farsightedness. There will surely come a day when matters will be returned to normal, for what is right is right. Man is both his word and his stand. Our stand should always be clear, unequivocal and sound. Let our word be true and reliable. And finally, I hope that the 5-year plan achieves the desired aim, with my thanks and appreciation to the esteemed AL-NAHAR, wishing for it the utmost strength and ability in taking on the problems of the country and its citizens. I hope that it remain a pulpit for the true and pure word and a responsible stand.

9614/12851

CSO: 4404/57

CAIRO-AMMAN BANK'S SERVICES FOR WEST BANK CITIZENS DISCUSSED

Jerusalem AL-NAHAR in Arabic 26 Sep 86 p 21

[Article: "Text of an Interview With Sha'sha'ah"]

[Text] In spite of his more than 70 years, he still lives a life untouched by fatigue and not party to boredom, always smiling, pleasant, and diplomatic. But when you get closer to him, you discover that behind this smile and bright eyes are deep concerns.

He is the famous Palestinian economist, Jawdat Ruhi Sha'sha'ah, chairman of the board of directors of the Cairo-Amman Bank, who spoke with AL-NAHAR frankly and with an open heart.

Mr Sha'sha'ah said: Last Sunday, 21 September 1986, the Cairo-Amman Bank building in Nabulus was turned over to me after 20 years of continuous closure, and we immediately set about implementing the necessary reforms in order that we might be able to open this branch the first week of next month, God permitting.

He added: With respect to the staff, we now have 39 employees who have been receiving their salaries from the bank since 1967 and are required to take up their positions as soon as the bank's branches are opened. Whoever does not want to continue in his job with us for some reason, his services will be terminated. Mr Midhat Kan'an will act as manager of the Nabulus branch. When other branches are opened, Kan'an will hold the position of director general of the branches in the West Bank.

To a question about the bank's fields of operation Mr Sha'sha'ah responded: The bank will perform all banking functions without exception, including of course (discounts on exchange drafts), providing banking facilities to merchants, and opening accounts according to the capabilities of everyone who deals with the bank.

The bank will also serve Palestinian people everywhere, from village to town, and provide services to summer visitors, whether directly through the branch or indirectly through the bank home office in Amman.

The bank will deal in Jordanian dinars and its budget will be in dinars. It will also deal in shekels. The Jordanian government will secure foreign currency for the branches when associated with funds for foreign transactions that any citizen might want to procure.

Sha'sha'ah added that the remaining bank branches will open gradually over several months. Among them will be branches in Hebron, Ramallah, and Janin.

In response to another question he said that the bank will not engage in exchange operations, for there is a sufficient number of moneychangers in the West Bank. [He also said] that the banking operations will be computerized and run by the most modern means.

Regarding the ability of the bank to grant loans to citizens of the West Bank and the required conditions, Sha'sha'ah said that the bank will provide loans to citizens of the West Bank via its branches operating in West Bank towns, and these would be personal loans for individual projects like construction, etc., in return for collateral and local guarantees. There is no longer any need for people who obtain loans from Amman to travel to the Jordanian capital to offer collateral and guarantees. Likewise, loans will be provided to the industrial sector, which would be medium term loans with maturity varying between two and three years. Loans for the business, housing, and agricultural sectors will be long term.

Regarding the extent of control by the Bank of Israel over the operations of the Cairo-Amman Bank, Sha'sha'ah emphasized that the Bank of Israel will not have anything but a supervisory right, and only for what it calls security reasons.

With regard to those who have dealings with other Jordanian banks and who are living in the occupied territories and the extent to which the Cairo-Amman Bank will offer services to them, Sha'sha'ah explained that the bank in the West Bank will be prepared to offer services to them, including cashing their checks drawn on banks, in view of the connections that exist between the branches here and the clearing house in Amman which has responsibility for regulating the relationships between different banks.

On the possibility of the bank disbursing salaries of citizens who receive their salaries from Amman, he said: Whenever any employee in the West Bank wants to transfer his Jordanian salary to our branches in the West Bank and formally requests this we will come to his service. This employee will likewise enjoy the right to obtain a loan from our bank without presenting any collateral. The value of the loan will be three times his salary, provided that it is repaid in installments over a one year period.

To our question on the possibility that the Cairo-Amman Bank on the West Bank would deliver drafts from Palestinian emigres to their relatives in the occupied territories Sha'sha'ah replied that the bank will be prepared to pay out the amount of these drafts to their holders at the places of work or residence

without even requiring their presence at a bank branch as soon as notification of the check reaches Amman from outside Jordan.

Regarding the interest rates on loans and savings Sha'sha'ah said that this rate is what has been set by Jordanian law, not Israeli law. One percent is added to the rate for transferring the currency from abroad and the value added tax on the salaries of bank employees and on its profits is 15 percent.

Concerning the bank's ability to cash checks drawn on the Cairo-Amman Bank in the Jordanian capital, Sha'sha'ah reported that any citizen on the West Bank who has an account with our bank in Amman can cash his checks at our branches in the West Bank within minutes, since the bank will have the most modern means of communication with the home office via London for confirming the existence of funds in Amman to cover the checks.

In response to a question on taxes on interest Sha'sha'ah answered that the interest is tax exempt according to Article 9 of the Jordanian investment incentive law.

At the conclusion of the session with Sha'sha'ah he emphasized that the depositors' funds in bank branches in the West Bank will be insured, because on the one hand the main Cairo-Amman Bank insures these deposits, and because on the other hand all the branches and financial activities of the Cairo-Amman Bank institution are insured by the Central Bank.

It is worthy of mention that, according to Jordanian law, no party has the right to disclose a depositor's account without a court order. With that any authority can learn the balance but under no circumstances is it allowed to disclose the account. It is illegal for any party to garnishee the account of any depositor without a legal action, according to Jordanian law.

Sha'sha'ah emphasized that the aim of opening the Cairo-Amman Bank is not to realize a profit as much as to support the people's resistance and enable them to undertake industrial, agricultural, and commercial projects, the most important of which being housing projects, which will hold precedence because of their pressing need.

With respect to the 5-Year West Bank and Gaza Development Plan, we hope to take part in its implementation, and we hope that we can take a direct part in making it successful in order to alleviate the hardships of our people in the occupied homeland.

9613/12851
CSO: 4404/57

ISRAEL

AGRICULTURAL AGREEMENTS WITH EAST EUROPE POSSIBLE

Tel Aviv DAVAR in Hebrew 7 Jan 87 p 1

[Text] DAVAR has learned from a reliable source that talks on agricultural cooperation agreements are being conducted between representatives of Israel and representatives of Poland, Bulgaria, and Hungary. According to the source, representatives of the three East European countries recently approached the Ministry of Agriculture with requests for Israeli assistance.

In the wake of consultations with the Foreign Ministry in Jerusalem it was decided to dispatch several Israeli agricultural advisers to Poland, Hungary, and Yugoslavia.

The above countries are particularly interested in expert studies in the area of cattle feeding. Several Israeli experts are already there offering assistance, and others will be dispatched in the near future.

At the talks, the three countries expressed the desire to arrive at agricultural cooperation agreements. Officials at the prime minister's office and at the Foreign Ministry believe that trade and economic relations will make it possible to expand relations with the Soviet bloc more readily than political means.

Prime Minister Yitzhaq Shamir recently told his inner circle that he does not pin much hope on the possibility of resuming diplomatic relations with the East European countries.

12782
CSO:4423/16

NEGEV MOUNTAIN OIL EXPLORATION TO BEGIN

Tel Aviv HA'ARETZ in Hebrew 5 Jan 87 p 4

[Text] This week, the Omer Group will begin the first of a series of four oil drillings that will make up the largest oil prospecting project in the area of the Negev Mountain.

The bore, known as "Egor 1," will go to a depth of 4,400 meters, and will involve an investment of \$3.8 million if the bore turns out to be dry, or \$4.3 million if oil traces are found; additional exploitation tests will also be carried out.

In the past year, prior to the drilling, the project partners carried out a series of seismological and geophysical studies over an extensive area, the overall cost of which came to \$7 million.

The cost of the Negev Mountain project is estimated at \$19.2 million, but it is possible that the partners will decide to increase their investment. The Israeli government is putting up \$4.4 million within the framework of encouragement to foreign investors in oil exploration, and will be entitled to royalties if oil is found.

The project partnership consists of several foreign investors, principally billionaire Armand Hammer, who hold 75 percent of the project, and Israeli investors who hold the remaining 25 percent. The latter are the Delek company and Delek Oil Prospecting with 8 percent, Yo'el Oil Prospecting with 8 percent, Naphta with 5 percent (the shares of those four company are up for trade on the stock market), Isramco with 3 percent, and Imog with 1 percent. The drilling contractor is the government firm Lapidot, which has an interest in Naphta.

12782
CS0:4423/16

GULF STATES TO ESTABLISH UNIFIED CURRENCY SYSTEM

Kuwait ARAB TIMES in English 28 Jan 87 p 11

[Text]

BAHRAIN, Jan 27, (Reuters): Gulf Arab states are moving towards a unified currency framework modelled on the European Monetary System (EMS), economists in the region said today.

But they believe a number of major political and technical problems remain to be overcome.

A two-day meeting of central bank heads of the six Gulf Cooperation Council (GCC) states agreed in Abu Dhabi yesterday on the principle of a joint exchange rate system.

A common framework for Gulf currencies would be a major advance in monetary co-operation and should help ensure stability in the region's financial markets, economists said.

They said it was clear that after lengthy internal debate and consultation with International Monetary Fund (IMF) experts that progress had been made towards a system based on the EMS.

Debate

The EMS, set up in March 1979, groups major European currencies, limiting the amount of permitted fluctuations in a bid to bring stability to the region's currency markets.

A similar system for GCC states — Saudi Arabia, Kuwait,

Bahrain, the UAE, Qatar and Oman — would require each of their currencies pegged to a common unit.

According to Abdullah Al-Quwaiz, the GCC assistant secretary general for economic affairs who briefed newsmen after yesterday's meeting, the currencies would be allowed to fluctuate within a set margin against each other.

Credit lines would be set up between monetary authorities to enable intervention to maintain parities.

All six GCC currencies are heavily dependent on the dollar, but three different systems are currently in operation.

Oman's rial has been pegged officially to the dollar since 1973. Kuwait's dinar is linked to a tailor-made, trade-weighted basket, while the other four states have a formal link to the IMF's five-currency basket, the Special Drawing Right (SDR).

In practice, however, the Saudi riyal, Bahraini dinar, UAE dirham and Qatari riyal are all pegged to the dollar.

Economists

The economists said there were sound monetary reasons for bringing the six Gulf currencies under one system.

At present, the currencies are very stable against each other. But moves to liberalise capital flows might inject volatility into rates that a unified system could head off.

Economists also believe a

number of problems still have to be solved, the major one being the choice of a common peg.

This choice narrows down to three: the dollar, the SDR or a hybrid international currency basket tailored to Gulf trade.

The economists said they all would require one or more GCC states to make a political concession.

Resistance

The line of least resistance would probably be to opt for the SDR, a ready-made currency mix which would circumvent political bargaining on a hybrid basket or the decision to sever the link with the dollar.

These political decisions would have to be taken by heads of state and the earliest opportunity by a formal discussion would probably be the annual GCC summit, expected to be held late this year in Saudi Arabia, the economists said.

Other potential problems include themes familiar to European Economic Community countries in the EMS — the possible loss of monetary control and money supply aggregates if capital flows are liberalised and tensions develop in the system.

Al Quwaiz said a meeting of central bankers would be held in Kuwait in two weeks time to discuss technical details of how to provide a common base for the six currencies.

SHIPPING INDUSTRY ACTIVITIES OUTLINED

Kuwait ARAB TIMES in English 25 Jan 87 p 17

[Article by Seyassah]

[Text]

THE Arab Times and its sister paper, Al Seyassah, recently held an exclusive interview with the Chief Executive of the United Arab Shipping Company, Abdulaziz Salatt, on the transport sector of Kuwait. UASC is the national shipping company of the governments of Kuwait, the UAE, Bahrain, Saudi Arabia, Iraq and Qatar.

Question: What is behind the recent developments in the international and regional shipping industries, and is the latter developing at a satisfactory pace, which renders sufficiency to the region?

Answer: Apart for the oil tanker industry, which witnessed a substantial improvement last year was very difficult for the shipping industry, due to the severe competition and continued stagnation in trade. Many shipping companies went bankrupt and others were only saved by banks and their creditors.

In addition, regional shipping suffered from a decline in regional imports and the destructive effects of the Iraq-Iran war, which had additional political repercussions, embodied in the attack, seizure and confiscation of commercial ships.

As for the development of the regional shipping industry, it has not been satisfactory in view of the aforementioned circumstances. Regional shipping will not

be able to meet with national expectations unless it receives the necessary support and backing to face international competition by foreign companies which receive this support from their governments.

Q: Successive financial statements released by the UASC indicate that the company's financial investments were the main contributor to its current financial position, while the financial performance of its shipping operations declined. What are your expectations for 1986's operational results in the light of the mitigation of competition in the aftermath of the withdrawal of a number of shipping companies from trading in the region?

A: At the outset, I wish to recall to you the strong financial performance of the company, which has generated a strong financial reserve and even enabled it to transfer part of the profits to its principals; the governments of the shareholding states.

The UASC maintained, and even stepped up, its operational performance in recent years, lifting 6 and 5.3 million tons in 1984 and 1985 respectively, against 5.18 and 5.09 million tons in 1981 and 1982 respectively. But the UASC registered strong operational profits and financial re-

sults for the two former years while in 1984 and 1985 operational profits were modest and the company registered net losses for each of those years.

Of course, the only and obvious explanation for such a paradox is the decline of freight rates whilst shipping costs maintained their levels or even increased despite the intensive drive to rationalise our expenditures in the last few years.

Thus when freight rates were more reasonable, the company's income from its operations was more rewarding than that from its financial investments.

As for 1986 operational and financial results, they will be divulged in detail after being endorsed by the company's General Assembly next May, however these will unfortunately reflect the difficult situation of the shipping industry and particularly that to the Arab Gulf region.

As for the withdrawal of some shipping companies from trading in the region, we secured part of their cargo, but their withdrawal did not bring an end to the well entrenched competition, rather, it relaxed to a certain degree. However, shipping lines which operate to the region still find it difficult to bring back freight rates to former levels, and we still expect some more shipping lines to withdraw if the current state of affairs continues.

Q: UASC's new tonnage in recent years has been purely in containers, do you visualise further diversification into bulk, and are there plans to build more chemical carriers with the National Shipping Company of Saudi Arabia?

A: UASC has examined over the years various diversification possibilities into bulk, RORO, car carriers, chemical carriers, etc. within the context of avoiding entering into competition with other national organisations and in ascertaining its viability as a commercial project for the shareholding states.

The prevailing economic conditions do not favour such diversification, however if and when these conditions change, then diversification should not be excluded.

As for chemical carriers, the joint venture has offered to operate new ships and we hope that these offers will be accepted.

Q: UASC declined since its inception in the mid seventies to build an overland transport fleet that would have, under the circumstances, been able to transport cargoes from ports outside the war zone into all shareholding states economically. Do you visualise building such a fleet in the future?

A: We left the overland transport fleets to the private sectors in the shareholding states which successfully and profitably built and operated sufficient tonnage for the region's requirements, and thus averted going into competition with our national private sectors.

The situation differs in the shipping industry where it takes much beyond the capabilities of private groups in the region to build an international fleet that can represent the interests of the region and protect them against international competition, even if that fleet were viable as in the case of UASC. Hence we focused on the shipping side.

Nevertheless UASC was careful to develop a subsidiary that specialises in coordinating overland transport operation in both sides of the trade either through

its overseas agents or directly with the overland transport companies in the private sectors of the shareholding states. But this subsidiary — the Arab Transport Company, for short Aratrans, cooperates, rather than competes with regional transport fleets whilst simultaneously contributing to the thorough 'complete' service UASC offers to its clients.

Subsequently, we have no intentions in the foreseeable future to build our own transport fleet.

Q: In recent years you hammered out certain associations or joint ventures with some international shipping lines such as the one with OOCL/WILLINE for the Far East Trade and the Joint Container Service for the European Trade. Would you clarify the nature of these agreements and the reason for not concluding similar ones with other national carriers in the region though you entered into a joint venture with one of them — NSCSA — in the chemical carriers business?

A: Due to the imbalance between supply in '80s and demand that the shipping lines have been facing since the early '80s, cooperation amongst them has become a familiar measure to mitigate the negative impact of competition.

Subsequently UASC entered into the Joint Container Service from Europe with five other international lines, and entered into another joint service with two other international lines on the Far East trade. As for national shipping lines, cooperation and coordination with them are satisfactory, and the sole reason for not entering into joint operations with them is because of the operational differences which pertain to the kinds of vessels and services.

Q: UASC has been voted for the second consecutive year as the favourite shipping line from Europe to the Middle East, on what basis of competition has UASC achieved this position?

A: UASC was voted as the most favoured carrier based on

the quality of service it renders to its clients, and not on strength of cargo lifted, though UASC is the premier carrier.

This victory is important to us because it embodied our ability to compete with, and win over, international shipping companies whose nationals voted us to that position.

Q: A number of shipping lines withdraw from the Gulf trade for one reason or another, what is the impact of this on UASC and on the trade of the region?

A: It is hoped that the withdrawal of some lines from the trade of the region will assist in restoring balance to the trade, especially that some of them pushed down freight rates to unprecedented lows on the strength of their around-the-world operations.

As for the UASC, the withdrawals and the confusion that was created underlined the importance and significance and meaning of our commitment to serve the trade and interests of our clients in the region under all circumstances. For sure people appreciate now more than ever the peace of mind, reliability and absence of unpleasant surprises that they will benefit from by dealing with their national carrier. And incidentally, our ships were active in bringing back cargoes that were stranded in the aftermath of the sudden stopping of some of the services of those lines.

Q: Apparently UASC failed to cultivate its being the national carrier of the region to launch an intensive campaign in favour of convincing consignees to shift from shipping on C&F basis to FOB basis, which automatically gives UASC an edge over foreign shipping lines with its presumably stronger regional presence.

A: Since its inception, UASC was keen to establish strong marketing and sales offices in all share-holding states, and those offices have been empowered with increasing marketing authorities that had been concentrated initially in the overseas offices.

A Gulf regional marketing management has been created to coordinate and supervise the regional marketing activities, and the most critical and important marketing decision are taken here by the company's executive management which is based in Kuwait.

Also, and as we operate within international competition, we should not overlook our very strong traditional ties with the shippers and manufacturers overseas, and accordingly we have very active overseas representative offices and hundreds of agents. Thus, our policy is to maintain very strong marketing organisations on both sides of the trade and support each with all the powers and authorities it takes to generate good business to the company.

/9274

CSO: 4400/136

MABYAN LOCAL COUNCIL IMPLEMENTS VARIETY OF PROJECTS

Sanaa AL-THAWRAH in Arabic 11 Jan 87 p 10

[Article: "Water Supply, Telephone and Delayed Projects to be Implemented Under Next Plan"]

[Text] The closest county [nahiyah] station to the county stations within the Hajjah governorate is the Mabyan county station which is only 13 kilometers away and is reached by a dirt road carved through the rocky terrain of this tourist site of God-given natural beauty. The scenic view has been further enhanced by the agricultural terracing fashioned by the Yemenis since time immemorial, the natural features of its lofty peaks inculcating a peaceful and prosperous way of life for its 35,000 inhabitants, as recorded by the 1986 population census. Mabyan is looked upon as a resort for the Hajjah townspeople and visitors because of its scenic attraction and historic importance over the centuries. Mabyan county is made up of seven 'uzlahs' or administrative units some of which are located in the Mabyan, al-Jahili and al-Dhafir mountains and the rest located on the slopes and in the valleys where government farms in the 'uzlahs of Bani al-Shumi, Jaw'an and al-M'asarah, cover approximately 70,000 labinahs [a unit of acreage] in which fruit, coffee beans and other agricultural produce are cultivated. During a visit, the following dialogue took place with Muhammad Ahmad Ali Nassar, chairman of the county's local council.

[Question 1] As Chairman of the local council, following your appointment as member of the administrative staff of the previous administration, can you give us some idea of the achievements of the association and what has been accomplished during the period in which you assumed chairmanship of the local council?

[Question 2] To what extent do the citizens cooperate with the local council? Have projects been completed through the council's efforts alone or do the citizens cooperate?

[Question 3] Since the local council assumes a wider range of responsibilities in the field of political guidance and participation in solving citizen's problems and proposing solutions to issues by cooperating with the executive authorities, can it be said that the council has performed the task entrusted to it by the political leadership within the context of legislation governing local councils?

[Question 4] Seven years ago the government initiated the construction of a tourist dirt road linking Hajjah town, Mabyan and al-Sharafayn al-Mahabshah district. Upon completion, Mabyan and al-Shahil Cooperative Association was responsible for maintenance. However, the road is becoming difficult to use due to negligence and failure to follow up maintenance, especially by the Mabyan local council. Do you have any plans to continue the survey work and what difficulties are you experiencing in maintaining this important national project?

[Question 5] There are other broad service projects completed by the government in cooperation with the citizens of the county, particularly after the first visit paid to the governorate of Hajjah by the commander in chief. What type of projects have been completed and are there any incomplete or delayed projects included in the five year plan, and what is the role of the local council in following up completion of such projects?

[Question 6] The governorate has convened several meetings with the local councils and urged them to draw up estimated plans for future projects. Has this been done?

[Answer 1] To reply to the initial part of the first question and to give some idea of the functions and activities of the council, it is a fact that the achievements of the previous administration were good, particularly in the building of roads and schools.

The administration played a leading role in this connection. I can also say that the achievements and gains made during the local councils new term of office are not negligible in the area of maintaining either existing, delayed or ongoing projects in the various fields of development, in addition to training local cadres and paying attention to youth, sports and other activities despite the short time involved and a reduction in the council's share of basic resources by a rate of one half of what the former administration used to receive. Furthermore the council is suffering acute shortages due to the liabilities and debts carried over from the former administration and which amount to about 1.5 million riyals. About 75 percent of the council's basic and special funds are being used to pay off the debts and fulfill the obligations referred to, not to mention the fact that the council's responsibilities and activities are increasing. Nevertheless the council is determined to deal with, and overcome these problems thanks to the cooperation of the citizens and their continuous and sincere efforts to serve the country and thanks to the government's support in the new phase and the overall progress being experienced by the country.

[Answer 2] As a matter of fact, and as already stated, the citizens of Mabyan are cooperative and responsive to the council and the government and are true to themselves for the sake of prosperity and the building and development of the country. It is rarely that any project be proposed or carried out without the citizens making material or moral contributions they consider a means toward development and the prosperity of all.

[Answer 3] Mabyan's Local Council for Cooperative Development [LDC] is considered one of the most active local councils in familiarizing the citizens with the national charter and its related literature based on our faith in, and adherence to it as a theoretical manual and basic foundation for all legislation and regulations, being drawn from the holy book and doctrine. The local council also helps solve problems encountered by the citizens, cooperates with the executive authorities to deal with various issues and carries out the responsibilities assigned to it in the best possible manner.

[Answer 4] The road completed by the government at the directives of the commander in chief and secretary general seven years ago and which links the capital of Hahhaj governorate, Mabyan and al-Sharifayn al-Mahabshah districts resulted in heavy losses to the government. The road was inaugurated by the President, Commander in Chief and Secretary General of the People's General Congress, 'Ali 'Abdallah Salih on his first visit to the governorate, when his motorcade used this scenic route from Hajjah to al-Mahabshah. After the road was completed the al-Mahabshah and al-Shahil Cooperative Association undertook its maintenance on a provisional basis, after which Mabyan's local council cleared and maintained the road once in 1986 when it became hazardous to use due to heavy rainfall and poor drainage. This initiative by the local council was completed with the available resources despite scarcity of materials and the lack of any kind of reliable road construction unit. The local council is trying to arrange for the responsibility for this work to be transferred to the roads department of the Ministry of Works which should either take over the regular maintenance of the road or absorb the maintenance costs provided that the council of Mabyan, al-Mahabshah and al-Shahel take over maintenance in the future, since it is considered one of the principal roads in the country linking several administrative divisions, and perhaps arranging to have it paved in the future.

[Answer 5] Numerous projects have been completed in the country the most important of which are water supply and telephones. Water supply, a fundamental and primary cornerstone of development in the county can be considered as one of the gains achieved by the glorious September 26 revolution and one of the fruits of the visit paid by the President, Commander in Chief and Secretary General of the People's General Congress, Colonel 'Ali 'Abdallah Salih, when he approved it in late 1984 at a cost of 7 million Yemeni riyals during his second visit to the county. The project was supposed to have been completed by early 1986 but work was delayed by the contractor owing to nondelivery and installation of the pumps needed for the project and failure to grant licenses. We are hopeful that the rural water projects department of the Ministry of Public Works will give this matter its attention and pressure the contractor to speed up completion of the project, especially since the inhabitants are suffering considerably from water shortages. With regards to the telephone project, planning began in 1985 and the project was implemented in 1986. It is one of the local council's achievements among the various projects included in the transitional plan which was implemented in 1986. The project was inaugurated in September 1986 on the 24th anniversary of the eternal September 26 revolution. It is part of the French direct telephone network projects.

Both the water supply and telephone projects were financed and carried out by government and the private efforts of the local council and the inhabitants.


[Answer 6] Yes, the local council has drawn up a comprehensive third 5-year plan, 1987-1991, covering the projects that have been delayed or not completed, maintenance projects and new projects to be completed during the term of the plan and which have been approved and endorsed by the general assembly. This was referred to the General Union on schedule by the governorate secretariat after being approved by the governorate planning commission and coordinating council, which is constituted of both executive and local councils to coordinate between government and private action. This is done with a view to ensure unified action in accordance with the political policy of the country's leadership headed by Colonel Ali 'Abdallah Salih and which stems from his concern that projects be allocated equitably and that development be achieved democratically. On this occasion we convey our greetings to the leader of our progress, pioneer of development and founder of democracy, 'Ali 'Abdallah Salih.

13291/12851
CSO: 4404/197

ISLAMIC GROUPS PROVIDE RELIEF TO REFUGEES, MUJAHIDIN

East Burnham ARABIA: THE ISLAMIC WORLD REVIEW in English No 64, Dec 86
pp 10-12

[Text]

 The size of the refugee problem created by the Soviet invasion of Afghanistan – more than 4,000,000 people in Pakistan and Iran alone, with untold numbers of displaced people inside the country – is only dimly reflected by the number of organisations actively trying to alleviate, and in some cases to take advantage of, the Afghan people's suffering.

Of the more than 30 volunteer organisations now officially registered in Peshawar only six are Muslim. Deliberately maintaining a low profile, staffed with volunteers from all over the Muslim world, these organisations are quietly going about their work. They allocate their time and resources where they are needed most, not where they are most visible or most likely to garner international acclaim.

Internal refugees

This work starts in international obscurity, inside Afghanistan, with aid to the huge population of internal refugees who have been forced to flee their homes for more secure areas in the surrounding hills and mountains. Here the needs are greatest, and the logistics of supply most difficult. Muslim organisations like the Saudi Red Crescent have programmes to supply the internal refugees with medicine, food and emergency shelter.

On the other side of the border organisations such as the Islamic Relief Agency are continuously searching for unregistered refugees, new arrivals who are in desperate need of help until the requirements of official registration are met – a process that can take weeks. When

they are discovered they are given emergency shelter, food and clothing, and urgent medical assistance is provided.

Every major route into Afghanistan has its corresponding Muslim clinic on the Pakistani side of the border. Run by volunteer doctors from Muslim countries, with a full support staff of Afghan paramedics, ambulance drivers and guards, these clinics provide the vital link between the emergency first-aid stations inside Afghanistan and the more comprehensive facilities available in the Muslim hospitals miles away in Quetta and Peshawar.

Border clinics

The Human Concern Relief Fund (HCRF), a Muslim aid organisation with roots in Canada and Kuwait, has established six of these border clinics on the eastern frontier of Afghanistan. Several have full operating theatres supplied by the Saudi Red Crescent, together with X-ray facilities and out-patient clinics to serve the needs of the refugees and mujahideen from near and far. More than 20 operations may be performed, and over 300 out-patients treated, in a given day at any one of these clinics. Patients requiring highly specialised treatment, or in need of intensive post-operative care, are taken by ambulance to one of Human Concern's hospitals in Peshawar where volunteer doctors work with permanent staff from all over the Muslim world to supply the best care possible. There is still a critical shortage of qualified doctors however, and a lack of adequate facilities and supplies. These needs are being met

partially by the increasing numbers of Muslim doctors volunteering for one to three months at a time, and by the contributions of individual Muslims towards equipment and supplies.

The Kuwaiti Red Crescent has helped to alleviate the situation somewhat with the recent construction of a brand new purpose-built hospital in Peshawar. Most of the other hospitals are converted villas with extemporised operating theatres and back garden convalescent wards under canvas. This new hospital contains 120 beds for surgical patients, as well as operating and physiotherapy facilities. This is in addition to the Kuwaiti Red Crescent's other five hospitals in Peshawar, Quetta and Lahore, four female and four male clinics and a nurses' training institute.

Torture

The Islamic Relief Agency (ISRA), besides providing six stationary and two mobile clinics to refugee camps and an extensive programme of preventive medicine including vaccination, malaria control and health education, has concerned itself with a more subtle problem amongst the mujahideen -- mental health. The effects of torture suffered at the hands of the communists, the loss of husbands and children, the dislocation and hardships of the refugee camps, all contribute to the problem. ISRA helps to alleviate it with a combination of modern psychiatric technique and spiritual counselling. Just the involvement of other Muslims is a great morale-booster for the Afghans, who would otherwise have to rely on non-Muslim help and indoctrination at this most vulnerable time. Jamatul Islami Pakistan was one of the first Muslim groups to realise the inadequacy of non-Muslim aid to the spiritual well-being of the Afghans, and the Afghan Surgical Hospital which they established in 1980 to help counteract it is still one of the most respected hospitals in Peshawar. Three operating theatres and two mobile units are almost constantly in use and contributions are urgently needed to replace equipment which has already worn out.

The Saudi Red Crescent maintains 12 clinics and a huge hospital for the treatment of tuberculosis in the Peshawar

area. They also run a physiotherapy centre, two surgical hospitals and five clinics in the area around Quetta, plus nine mobile operating theatres. They also provide medical supplies to ISRA, IICRF, and the mujahideen inside Afghanistan.

Water shortage

Improving living conditions inside the refugee camps is a natural extension of medical services and several of the Muslim organisations are at work here. The Saudi Red Crescent has a unique programme for aiding those refugees who have had difficulty obtaining help from other sources. They provide blankets, tents, clothes, shoes and basic foodstuffs to those who apply for them, after a fieldworker has visited them to assess their needs. The Kuwaiti Red Crescent also distributes these essential items and has a special project for constructing tube wells in the camps. They have also provided several hundred shallow hand operated wells to help the difficult water situations found in most of the camps. ISRA has also been providing food, shelter and clothing to the refugees in addition to its medical programmes. They are also trying to improve general hygiene in camps with health education courses and a sanitary engineering scheme in which squat toilets and waste pipes are provided to any refugee who digs a latrine to their specifications.

ISRA has also developed a unique orphan sponsorship programme where not only the orphan, but other members of his family, can be helped. Defining an orphan as someone who has lost his father or both parents in the war, the programme permits the assistance of widows as well as brothers and sisters at the same time. To date, nearly 4,000 families have been helped.

ISRA's new orphanage just outside of Peshawar is nearing completion, with residential facilities for more than 500 orphans, vocational courses in woodworking, tailoring, car mechanics, foundry working, electrical engineering, and an Islamic madrasa. The Saudi Red Crescent (SRC) has a similar project in Nasir Bagh camp, where more than 150,000 refugees have had to make their homes. The SRC Vocational Training Centre and Factory here provides

educational work opportunities for at least some of its inhabitants. Refugees are trained in skills, and their products, including tents, clothing and shoes, are purchased from them by the SRC and distributed free to the mujahideen and incoming refugees. Living quarters and a madrassa for orphans are also maintained on the same site.

Model village

The Human Concern Relief Fund is just finishing perhaps the most ambitious project of this type, New Hope Village in Akkora Khattak Camp 40 miles from Peshawar. Having just completed a major water supply scheme for the camp itself, HRCF has gone on to provide employment and encouragement to its inhabitants with the construction of this educational and vocational project. When it is finished it will provide accommodation for 1,000 orphans, a vocational training centre, clinic, market, mosque and madrassa, and hope to the 25,000 inhabitants of Akkora Khattak who otherwise live in some of the worst conditions in the area.

There are over 1,000,000 children of school age living in refugee camps outside Afghanistan, and more than 3,000,000 still inside. Their faith is being threatened on both sides of the border. The intention of the Afghan communists to subvert Islam, and to indoctrinate young people with Marxist ideology is blatant and obvious, and most parents inside Afghanistan keep their children out of government school.

However, much of the work of the Muslim aid organisations to keep refugees safe from the corrupting ideologies through offering them alternative aid is being subverted, in the last instance, by the educational programmes current on

the Pakistan side of the border. If Muslims do not respond immediately with an alternative Islamic educational system, much of the work of these agencies and, indeed, the gains of the mujahideen themselves, will be lost.

Keeping the faith

A joint programme put together by Muslim groups to create a uniform Islamic curriculum, and train teachers in its use, is already under way, but funds for its implementation are desperately needed. HCRF is training more than 100 teachers in Islamic education at its Teachers' Training Institute. Other groups have similar programmes.

Work has already started, under the auspices of the Mujahideen Coalition, to produce a unified curriculum from the first to the ninth grades, and books have been prepared in both Pushtu and Persian. There are seven high schools inside Afghanistan run by the mujahideen groups, and 240 primary and middle schools. There are 1200 paid teachers. Each mujahideen group oversees an incredible number of schools and madrassas and directly affects the lives of thousands of students. One group alone sponsors schools serving more than 60,000 students inside and outside of Afghanistan. They are educated in the rudiments of the deen and the necessary skills, including military, for living in and supporting an Islamic society. Every subject is placed in the context of Islam, and the students are never allowed to forget their obligation to the jihad.

The Afghans, and the thousands of Muslims who support them with all their means, have not forgotten their obligation either. But despite the scale of the work that has been undertaken, it is only a small part of what remains to be done for the largest group of mujahideen on earth.

/13046

CSO: 4600/125

CORRESPONDENTS SPECULATE ON STATE ELECTIONS

State Leaders' Preferences

Madras THE HINDU in English 28 Dec 86 p 12

[Article by G.K. Reddy]

[Text]

NEW DELHI, Dec. 27.

The Centre is striving hard to persuade the Chief Ministers of Jammu and Kashmir, Haryana, West Bengal, Kerala, Tripura and Mizoram to agree to a convenient time-frame, preferably during March-April, when Assembly elections in all these States could be held more or less simultaneously for both political and administrative reasons.

But so far it has not been able to work out broadly acceptable dates to suit the convenience of all the six States, since some of them are not too keen on early elections.

The one Chief Minister who is ready to go to the polls sooner than later, in February itself if possible, is Mr. Jyoti Basu who evidently feels that the Congress (I)'s ambivalent stand on the Gorkhaland agitation would help to rally the Bengali voters behind his Marxist Government. But the Jammu and Kashmir Chief Minister, Dr. Farooq Abdullah would prefer April-May for climatic reasons.

Main objection: The main objection to an early poll is from Haryana whose Chief Minister, Mr. Bansi Lal, who wants more time to cultivate public opinion in the wake of the Punjab crises which continues to cast its ugly shadow over this neighbouring State. A dynamic administrator, he needs a few months more to consolidate his position before facing the people as a staunch crusader for Haryana's interests.

The present Assembly in Haryana will be completing its full five-year term only at the end of June and Mr. Bansi Lal is under no constitutional obligation to opt for an early poll if he has reason to believe that May-June rather than March-April would be more advantageous to his State.

As regards Kerala, the indications are that the present coalition Government would prefer to have the poll around mid-March, but it would go along with other States if the consensus was in favour of different dates. The Chief Minister, Mr. K. Karunakaran, would be guided by the Congress (I) High Command's advice, since he has no compelling reasons like Mr. Bansi Lal, to disagree with it.

The Tripura Chief Minister, Mr. Nripen Chakraborty, is strongly opposed to the idea of an early poll in his insurgency-ridden State, where the elections are due only in December, 1987 in the normal course. He is not in favour of dissolving the present Assembly and opting for an early poll merely to suit the convenience of the Election Commission at the behest of the Central Government.

The present provisional Government in Mizoram wants to go to the poll as early as possible, as soon as the Election Commission can organise it, since the Chief Minister, Mr. Lal-denga, is anxious to get a mandate from the people upholding the accord he has signed with the Central Government.

Further Details

Calcutta THE TELEGRAPH in English 31 Dec 86 p 4

[Text]

Calcutta, Dec. 30: The Election Commission has tentatively decided to hold Assembly elections in West Bengal at the end of March. The commission, it is learnt, also favours simultaneous elections in Jammu and Kashmir and Mizoram along with West Bengal.

The Election Commission's decision was communicated to Congress(I) leaders who met the chief election commissioner, Mr R.V. Perry Shastri, recently in Delhi. The CPI(M) leader, Mr Somnath Chatterjee, who also met Mr Perry Shastri, was given the same impression.

The chief electoral officer of West Bengal, Mr Ashoke Basu, said today that so far he had not received any formal communication from the Election Commission on the state Assembly elections. He expected to receive some positive instructions from the commission by January 15. The revised electoral rolls of West Bengal will be published on that day.

The WBPCC(I) president, Mr Priya Das Munshi, has asked his partymen to prepare for elections likely to be held at the end of March.

According to informed sources, the revised electoral rolls of the Mizoram Assembly will not be finalised before the end of February, though the Mizoram chief minister, Mr Laldenga, who is still not a member of the state Assembly, will complete his six-month term on February 22. According to the Constitution, he will cease to be a member of the council of ministers after the expiry of six months. However, since the revised electoral rolls are not expected to be finalised by that time, Mr Laldenga might be asked to step down for a week or so before elections and join the Assembly as an elected member.

The caretaker government of Dr Farooq Abdullah of Jammu and Kashmir will complete its six-month tenure on April 1 and the elections in that state will have to be held before then. The Election Commission feels that if the Centre does not think otherwise, the elections in Jammu and Kashmir and Mizoram could be held simultaneously.

Regarding the Kerala Assembly elections, the commission informed by the state electoral officer that the revised electoral rolls of that state would not be finalised before May. The left parties in Kerala have also formally requested the commission to conduct elections in that state after the West Bengal polls.

The Election Commission hopes that the transfer of territory to Haryana will also be finalised before May and elections there could be held at the end of June simultaneously with Kerala.

According to Mr Pradip Bhat-tacharya, a PCC(I) general secretary, a memorandum was submitted to Perry Shastri last week by the Congress(I) demanding that members of the non-gazetted Police Karmachari Samity affiliated to the CPI(M), should not be deployed for election duty. Instead, the PCC(I) has suggested the deployment of CRP and BSF personnel to ensure free and fair polls. It has also demanded that employees belonging to the Congress(I) affiliated union be recruited as polling personnel along with the employees attached to the CPI(M)-dominated coordination committee. A copy of the memorandum was also sent to the state electoral department yesterday.

/9317

CSO: 4600/1337

WEST BENGAL LEFT FRONT ISSUES ELECTION MANIFESTO

Bombay THE TIMES OF INDIA in English 29 Dec 86 p 1

[Text]

CALCUTTA, December 28
(PTI).

THE ruling Left Front in West Bengal today warned the people against the Congress "compromising policies" towards the reactionary and divisive forces.

It has reiterated that under any circumstances it would not allow any division of the state.

Releasing its election manifesto for the ensuing state assembly poll, the front's chairman, Mr. Saroj Mukherjee, strongly criticised the Centre for its "anti-people" economic policies like privatisation and submission to the international financial institutions, which were taking the country towards "total chaos".

The manifesto, which contained a 16-point development programme for the state, said the main thrust would be on the economic development of backward places including hill areas. Several measures would be taken to make the administration more public-oriented so as to know the "genuine grievances" of the masses.

Introduction of Nepali language in three sub-divisions — Darjeeling, Kalimpong and Kurseong — in Darjeeling district and Urdu in Urdu-speaking areas like Garden Reach, Islampur and Asansol would also receive priority of the government, the manifesto said.

The manifesto said special stress would be laid on strengthening the activities of the state's various development agencies through decentralisation of the planning system.

To provide more employment opportunities, special impetus would be given on expediting the setting-up of big industries, including Haldia petrochemical and electronic industries. Existing units located at Kalyani, Haldia and Kharagpur would be further developed to boost production and create more jobs.

Special measures would be taken to ensure proper distribution of the essential commodities, especially in the rural areas, through government outlets.

The front also assured that appropriate measures would be taken to resolve industrial disputes at the earliest. It advocated necessary amendments to the law for ensuring minimum wages to the workers and bringing more labourers under the state insurance policy.

The manifesto underlined the need for creation of a separate research unit of scientists for effective utilisation of modern technology for the development of agriculture.

It said measures should be taken for early completion of all the on-going power projects and for maintaining a steady supply of power from the existing units.

/9317

CSO: 4600/1335

MAJOR RESHUFFLE IN RAJASTHAN CABINET REPORTED

New Delhi PATRIOT in English 4 Jan 87 p 6

[Text]

Jaipur, Jan 3 — Rajasthan Chief Minister Harideo Joshi effected a major reshuffle in his Council of Ministers here today.

Announcing the reshuffle, in which almost all the seven State ministers have been given independent charge of important departments, Mr Joshi told newsmen that it had been done to "speed up work".

The Chief Minister relieved himself of home and anti-corruption departments and gave their charge to his Cabinet colleague, Mr Gulab Singh Shaktawat.

However, Mr Joshi has retained the special branch of the home department, besides the charge of 13 other departments including finance and industry.

The portfolios of power and public works department, hitherto held by Mr Shaktawat, have been given to Mr Heera Lal Devpura who will also hold the charge of transport, earlier held by Forest Minister Sheesh Ram Ola.

Mr Devpura will also retain law and justice, labour and the work related to Ravi Beas river system, but the medical and health department has been taken away from him and an independent charge given to Minister of State Jakia Imam.

Mr Devpura has also been relieved of education — both primary and college. The independent charge of the same has been given to another State-minister Damodar Acharya, who was hitherto holding independent charge of rural development and panchayat raj, which has now been allotted to the Food and Civil Supply Minister Choga Ram Bakolia.

The irrigation department has been shifted from Mr Shaktawat to Revenue Minister Kamla, who will continue to hold the charge of Indira Gandhi Nahar Project, tourism and art and culture.

The portfolio of agriculture has been taken away from Cooperative Minister Ram Deo Singh and given to Food and Civil Supply Minister Bakolia.

Minister of State Ram Kishan Verma, hitherto holding no independent charge, has been given the independent charge of devshthan, wakf and ayurveda.

Other State ministers, hitherto only assisting Cabinet ministers, to get independent charge are Mr Heeral Lal Indera (mines, and social welfare), Mr Moolchand Meena (jail, motor garage, stationary and printing and economics and statistics) and Mr Sujan Singh Yadav (local self, urban development).

/9317

CSO: 4600/1349

POLITICAL QUALIFICATIONS OF AMRINDER SINGH NOTED

Madras THE HINDU in English 11 Dec 86 p 9

[Article by G.K. Reddy]

[Text]

NEW DELHI, Dec. 10.

The former Maharaja of Patiala Captain, Amrinder Singh, an active participant in Sikh politics, who is presently leader of the dissident Akali Dal group in the Punjab Assembly, came out with an offer of an unconditional merger of his party with the main Akali Dal led by Mr. Surjit Singh Barnala, if the Chief Minister was replaced by anybody else in the party to pave the way for their reunification.

The offer, made five days before the no-confidence motion to be moved on the opening day of the Assembly session on December 15, is actually intended to bolster the claims of the present Finance Minister, Mr. Balwant Singh, in case Mr. Barnala decides to step down fearing a possible defeat on the floor of the House.

Addressing a press conference in Delhi, Captain Amrinder Singh said that this simple formula would enable a reunited Akali party to make a concerted bid to stem the rising tide of terrorism, without actually going in for a change of Government. He said the dissident Akali group was not interested in gaining power but only in getting rid of Mr. Barnala who in his opinion had failed deplorably in dealing with the present grave crisis in the State.

Shrewd politician: A shrewd politician, Captain Amrinder Singh continues to maintain a close personal contact with the Prime Minister, Mr. Rajiv Gandhi, despite their strong differences. After acting as one of Indira Gandhi's contact men in Punjab before he left the Congress (I) in protest after the Operation Blue Star in 1984, he has been skilfully utilising the prestige and influence of his family to carve out a special place for himself in Punjab politics with an eye on the Chief Ministership of the State at some point.

As one who resigned from Mr. Barnala's Cabinet after police was sent into the Golden Temple for the second time, he has been openly accusing the Chief Minister of wounding Sikh feelings and inflaming the passions of the extremists by ordering security forces as many as 16 times into various Gurdwaras in Punjab during his brief tenure. He has also condemned the arrests of Mr. Prakash Singh Badal and Mr. Gurcharan Singh Tohra the very day after the Shiromani Gurdwara Prabandhak Committee (SGPC) elections, while demanding their immediate release to open the way for reconciliation of the rival Akali groups under a new Chief Minister to heal the breach and create a better political atmosphere in the State.

rests of Mr. Prakash Singh Badal and Mr. Gurcharan Singh Tohra the very day after the Shiromani Gurdwara Prabandhak Committee (SGPC) elections, while demanding their immediate release to open the way for reconciliation of the rival Akali groups under a new Chief Minister to heal the breach and create a better political atmosphere in the State.

Captain Amrinder Singh is leading a dissident Akali delegation to Delhi to seek the support of the Opposition parties in his efforts to unite the two groups and initiate new moves to mobilise moderate Sikh opinion against the extremists indulging in senseless acts of terrorism. He deplored the Congress (I) moves to save the Barnala Government from defeat on the floor of the House, while stressing that what Punjab really needed at this crucial juncture was not President's rule or a coalition government but only a change of Chief Minister to remove a major irritant in the present day politics of the State.

Charge against Centre: He also accused the Centre of destroying the Punjab accord by setting a time frame for its implementation. The present crisis had to be tackled at the political level and not by para military forces, since any swoop on terrorists ended up with many innocent Sikhs getting shot down, leading in turn to further bitterness and more violence.

Captain Amrinder Singh was all in favour of sealing the borders to prevent the movement of terrorists and flow of arms and ammunition from Pakistan. But he opposed the idea of a security belt which in his opinion would not serve any useful purpose other than providing the Centre with an excuse to transgress the State's jurisdiction.

The Governor of Punjab, Mr. Siddharth Shankar Ray, and Mr. Barnala who have been called to Delhi for consultations met the Prime Minister to discuss the strategy for the survival of the Barnala Government during the no-confidence motion. As Mr. Rajiv Gandhi is leaving early tomorrow morning on a three-day tour of Jammu, Kashmir and Ladakh areas, there will be no opportunity for further discussions with them before the debate on Monday.

/9317

CSO: 4600/1349

PRESS ON NEGOTIATIONS TO PURCHASE U.S. SUPERCOMPUTER

Dean, Venkateswaran Talks

Madras THE HINDU in English 11 Dec 86 p 9

[Article by G.K. Reddy]

[Text]

New Delhi, Dec. 10

A lot of adroit argumentation has gone on behind the scenes for the last three days between American and Indian negotiators on the kind of conditionalities to be attached to high-tech transfers and the nature of safeguards to be applied for preventing unauthorised use or diversion of data relating equipment like supercomputers supplied for specified applications.

There was an element of uncertainty until late tonight since the two sides were pressing hard for more acceptable procedures consistent with their respective positions.

The draft sent in advance by the U.S. Government was more or less based on the same sort of safeguards that were agreed upon by NATO countries like Britain. Apart from seeking adequate guarantees against access to unauthorised persons from third countries to this equipment and also assurances that it would not be used for purposes other than those specifically stated in the sale agreement, the U.S. has been insisting on its participation in the maintenance of the supercomputers and also supervision of its uses.

The Government of India has taken the view that, though the Indian departments concerned would naturally seek the assistance of the manufacturers of these supercomputers like the CRAY Corporation in maintaining the equipment, it cannot allow the U.S. to station its personnel at the site to keep a watch on the uses of it under the pretext of joint maintenance amounting to surveillance.

There has to be some degree of mutual trust in such matters and, if the U.S. is not prepared to repose the necessary confidence in India to ensure that the technical data is not diverted or

the equipment put to other uses, it would be impossible to allay American misgivings without letting U. S. personnel supervise its operations. Any such arrangements would not only infringe the country's sovereignty but also be politically unacceptable.

As the Deputy Assistant Secretary of State, Mr. Robert Dean, is due to leave for Washington in the early hours of Thursday the talks went on till late tonight in an effort to work out a mutually acceptable agreement. Though quite a few sticky points relating to both substantive and procedural aspects of the proposed safeguards had been sorted out, there will still be some important issues relating to the right of U.S. participation in the maintenance of the equipment and supervision of its uses remained to be settled to mutual satisfaction.

An effort was being made by the Foreign Secretary, Mr. A. P. Venkateswaran, and Mr. Dean to arrive at least at a broad measure of understanding leaving details to be settled later, so that an announcement could be made that the issue had been resolved in a spirit of accommodation by both sides.

The Government of India as well as the U.S. Embassy have been maintaining complete secrecy over the progress of these negotiations. But these negotiations have been hampered by time-consuming delays, since any concession made by either side had to be cleared by their respective Governments, before the two delegates could proceed further with the discussions.

There are so many agencies and departments involved on either side that Mr. Venkateswaran and Mr. Dean have been in no position to commit themselves on any point of sub-

stance or procedure falling outside their narrow briefs without seeking instructions from their Governments. The proposed conditionalities had to be carefully studied, analysed and assessed for their political implications, since these safeguards would apply to not only supercomputers but also other equipment that might be obtained for civil or defence related purposes.

The U.S. has arrived at a private understanding with Japan that it would not agree to waive any of the conditions that the American negotiators are trying to impose, if India approached Tokyo for comparable equipment. But the Soviet Union has stepped in by disclosing during Mr. Gorbachev's recent visit to Delhi that it has comparable supercomputers that would meet India's requirements, which could be purchased in rupee payment on the usual concessional terms without any rigid restrictions on their uses, whether it is for civilian or defence purposes.

Indian Negotiators 'Oversecretive'

Madras THE HINDU in English 12 Dec 86 p 1

[Article by G.K. Reddy]

[Text]

NEW DELHI, Dec. 11.

After protracted negotiations, the leaders of the Indian and American delegations, the Foreign Secretary, Mr. A. P. Venkateswaran, and the U.S. Deputy Assistant Secretary of State, Mr. Robert Dean, initialled late last night, what was described as a 'document' which was different from an agreement, on the proposed safeguards for the supercomputer that India wants to acquire from the U.S.

The head of the six-member U.S. delegation, Mr. Dean, who carries the designation of senior representative for technology transfer policy of the Department of State, left for Washington with the initialled document which would be subject to inter-agency review and concurrence, before a formal agreement is signed by the two Governments.

Confidential: The contents of the document will continue to be kept confidential until the remaining formalities are completed in Washington. But the Indian negotiators have been so over-secretive that they have unwittingly created an avoidable impression in political circles here, as though the Government of India has given in on the question of inspection by conceding the American demand for associating its personnel with the maintenance of the supercomputer and in the process a supervision of its end-uses.

It is true that Indian technicians would need the assistance of U.S. personnel for both erecting and maintaining a highly sophisticated and complex mechanism of this kind perhaps for a fairly long time. But the question is how long India would be obliged to retain the American personnel and at what stage, if at all, it would be empowered to ask for their withdrawal after gaining the necessary expertise in maintaining this equipment.

The talks on the draft sent by the U.S. were conducted in such a hush-hush atmosphere that there was no word at all from the Indian side on what exactly had been agreed upon, while the USIS came out with a carefully worded press release today saying that the "discussions covered issues of mutual concern and the delegations made concrete proposals which will be considered further by both Governments."

The U.S. delegation included representatives of the State, Defence and Commerce departments. After the document was initialled late last night, Mr. Dean and one more official left Delhi, but the other four are staying behind

for a couple of days more to do some sight-seeing and also complete the documentation.

Location in Delhi: The USIS press release also said: "The supercomputer is primarily meant for use in the agro-meteorology area which will be coordinated by the Department of Science and Technology. The supercomputer will be located in Delhi.

It will be only after an agreement has been signed, specifying the safeguards and the procedures for ensuring their observance, that the Government of India can commence the negotiations for the actual purchase of the supercomputer from one of the two U.S. suppliers who make them, either the Cray Corporation or Controlled Data Corporation.

It will take at least a year to put up a specially-designed building, install the supercomputer

and organise its uses, after signing the agreement with the U.S. Government and finalising the purchase terms with the company supplying it.

The two delegations also discussed some related matters concerning the conditionalities for transfer of high technology in other spheres. As India has not agreed to sign what is called a GSOMIA (General Security of Military Information Agreement), each request for defence-related technology transfer has to be separately negotiated and agreed upon by both sides.

PTI reports from Washington:

The U.S. State Department announced today that a tentative agreement has been reached for the sale of a supercomputer to India. It will now be considered for approval at higher levels of the U.S. and Indian Governments.

Joint Maintenance Planned

Madras THE HINDU in English 13 Dec 86 p 7

[Article by G.K. Reddy]

[Text]

NEW DELHI, Dec. 12.

The supercomputer India is acquiring from the U.S. at an initial cost of \$20 millions will ultimately involve an expenditure of over Rs.100 crores, if not more, on all the paraphernalia that goes with it, when the whole system is brought into operation.

Apart from a special building required for locating this giant computer and accommodating the personnel operating it in Delhi, several hundred skilled people will have to be employed for collecting on a regular basis at different places in the country variable data on earth's rotation, wind directions, ocean temperature, sub-surface disturbances and meteorological information obtained from all over the world.

High expertise: All this information will have to be fed into the supercomputer regularly to be able to fully utilise its tremendous computing capacity for forecasting accurately the extent of rainfall and periodicity of droughts, patterns of cyclones and tidal influences and other natural phenomena that influence agricultural operations like sowing and harvesting seasons. It will require a very high degree of expertise for gathering and processing such information, which would be invaluable in preparing for the monsoons and mitigating the consequences of poor rainfall by taking suitable steps in advance.

The CRAY-XMP series supercomputer that India is acquiring has already been overtaken by a more sophisticated model that the company has already developed, but the older model will more than suffice India's requirements. As the proposed agro-meteorological

uses of this supercomputer, will not extend to more than 80 per cent of its capacity, the U.S. has agreed to let India utilise the balance of its computing power for agricultural, health and some stipulated areas of scientific research outside the nuclear and other defence-related spheres.

During the early stages of these negotiations, the U.S. pressed hard for an unrestricted right of inspection to satisfy itself that there was no diversion of the secret technology to the Soviet Union or any unauthorised use of the tremendous computing power by India for other purposes. But India refused to agree to the very principle of foreign inspection maintaining that it would amount to a transgression of the country's sovereignty.

All that India offered at that stage was a qualified commitment that in the event of suspected diversion, the two sides would jointly consider whether an inspection was necessary before taking appropriate action. But this limited understanding was not acceptable to the U.S. which saw no harm in having an inspection provision if only as a safeguard against possible leakage of the supercomputer's technological secrets to a third country like the Soviet Union or its misuses by India for any unauthorised persons.

Joint maintenance: This hurdle has now been overcome to such extent by the new understanding that the supercomputer will be maintained jointly by Indian and American personnel, which means that the U.S. will have a presence at the site of its operations. The American negotiators wanted to have this participation as a permanent feature, but India has agreed to it

only as a provisional arrangement which will be reviewed after two or three years, when Indian personnel are able to fully maintain and operate it.

If India decides to dispense at that point with American presence on the ground, that the U.S. personnel are no longer required to maintain it the company, supplying the supercomputer can create trouble by withholding essential spare parts or denying access to any advances in the use of this equipment. It remains to be seen, according to Indian experts, whether the U.S. will come forward with the necessary assurance, while signing the safeguards agreement that the Tarapur experience would not be repeated in a different form or context.

Communist Paper on Snags

New Delhi PATRIOT in English 4 Jan 87 p 5

[Text]

Several new snags have come to light in regard to the conditionality clauses attached to the US supercomputer deal, currently being negotiated between India and the United States, as well as its cost-effectiveness in the present scenario.

It now emerges that along with the 'conditions' and guarantees attached to the sale of the supercomputer, certain strait-jacket rules and regulations pertaining to its use are also sought to be enforced by the United States which make it doubtful whether India would be able to use the enormously costly supercomputer freely and effectively.

Revelations which have an important bearing on India's purchase of the American supercomputer have come from West Germany's famous Max Planck Institute for Meteorology in Hamburg, which too has installed a Cyber 205—the supercomputer favoured by Indian authorities.

In the first place, despite West Germany being a close NATO ally of the United States, the supply of the supercomputer to the Institute took place after considerable delay. The magazine Nature published from Britain, has revealed that the supercomputer Cyber-205 was ordered by the Institute in February 1984 for its climate-research programmes, but its delivery was held up because of

doubts voiced by the Reagan Administration. These doubts related to the trustworthiness of the Institute's personnel, and the possibility of East Germany "listening in" electronically.

The supercomputer was subsequently delivered after a long delay, only on the intervention of the West German Government. But the head of the Institute's Computer Centre, Wolfgang Sell, has been quoted to say that he "is unhappy—the rules for using Cyber-205 are scarcely 'bearable'". Scientists are told what types of calculations are permissible, which employers may use the computer and how future use will be made.

The prospects are that for India, which is no ally of the United States, the conditions and restrictions on the use of Cyber-205 which the US imposes will be even harsher. Furthermore, the lack of adequate expertise in handling and maintaining this sophisticated equipment is further likely to be utilised by the American side to impose its own personnel.

The magazine Nature has also revealed that one of the possible reasons for this "US pressure" may well be the inability of the US companies to make the deliveries according to an early schedule. The fact is that with new technological factors coming to the forefront, the advance construction of Cyber-205 is being curbed: construc-

tion work begins only on actual deals that have been negotiated.

Experts say that by new innovations, the computer's processing speed is increasing by a factor of 10 every five years. Computer architecture, consequently, is also undergoing radical changes. experts believe that the technology adopted in present-day supercomputers leaves no scope for the innovations to be accommodated, since they have been 'pushed to the limit' in respect to their processing speed. Scientists are now on the lookout for new ways to build faster computers, among them being the use of optic fibre glass technology.

The innovations result not only in phenomenally fast operations but also very heavy cost reduction. With the same working power as the present-day supercomputers, the price-tag may be only about one-fifth.

A senior Research Associate of UN Environment Programme, and former

deputy director of Meteorology in the Indian Air Force, Wing Commander (Rtd) B L Bose, also notes several other factors inhibiting the purchase of US supercomputers at an exorbitant cost of Rs 30 crore a piece. Apart from the change in hardware and architecture, sweeping changes are also taking place in software applications, which dispense with the use of costly supercomputers. "To speed up operations, instructions need no longer be devised to distribute to different processors. Data, instead, can be distributed to many processor systems so that all the processors execute same instructions but on different data sets".

Mr Bose also notes the "sea change taking place in our simulation techniques". "With the help of a lattice system and by assigning each processor to a particle of air, the whole simulation can be done with the help of a few simple equations. Specialised computers with parallel processing can be designed at a cost for specific applications.

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CSO: 4600/1349

REPORTER WRITES ON SITUATION IN GOA

Madras THE HINDU in English 28 Dec 86 p 3

[Text]

CHRISTMAS this year in Goa was far from happy. The violence which has been unleashed in the name of an agitation seeking official language status for Konkani and Statehood for Goa has made people feel apprehensive about the shape of things to come, rather than eager for the New Year to bring happy tidings. This comes as a contrast to the mood of euphoria seen 25 years ago when the festival came a week after the liberation of the territory from foreign rule.

But what introduced an element of sullenness is the fact that the ugly turn of events took place even as the silver jubilee of the liberation came to a close on December 19 and despite the fact that the President, Mr. Zail Singh, who was the chief guest on the occasion, promised that the twin issues were under active consideration and that a decision would come soon. Significantly enough, the agitation started on the very day on which the President, in an unusual gesture, hosted a party to the legislators and others. The only saving grace was that the Konkani protagonists refrained from doing anything during the silver jubilee function proper on December 19, but struck the next day.

Conflicting emotions

Goa today is torn asunder by conflicting emotions. Life has been thrown out of gear and normal activities have come to a grinding halt as emotional frenzy sweeps the territory. The development, coming as it does in the midst of the tourist season already affected by a collapse of the Mandovi bridge which snapped the lifeline between north and south Goa, has dealt a crippling blow to the tourist industry. South Goa has been practically cut off from other areas and one cannot as yet hope to venture to travel from Panaji to any south Goa town like Margao or the port town of Vascodagama.

Miscreants are using a new metal contraption which is embedded in the road so that the tyres of vehicles get deflated blocking traffic in the territory. Private buses are off the road while the State owned Kadamba Transport has been bearing the brunt of vandalism and it is difficult for people at several places to make daily purchases in view of the strike launched by traders in protest against the failure of the Government to give them protection. Only on Friday the authorities ran the first trial train between Vascodagama and Londa in Karnataka after days of suspension of rail movement. In view of the extensive damage caused to signal and other equipment, it is doubtful whether the railways would be able to undertake normal services immediately.

Utter helplessness

What has contributed to the anger among the people is the utter helplessness shown by the local Government in handling the agitation. Though the Konkani Porjencho Awaz, a pro-Konkani front spearheading the agitation, had announced its plans to intensify it if its demands were not fulfilled by the close of the silver jubilee year, precious little was done to defuse the situation. While the police said that they were too preoccupied with the security of the President who was in Goa for nearly a week, what they did afterwards hardly infused confidence in the public. While police reinforcements are being rushed to tackle the situation, there has been absolutely no attempt to clamp prohibitory orders in the affected areas and take stern measures against those indulging in vandalism. The situation calls for a political solution, but the Congress (I) Government of Mr. Rane has been treating it as a routine law and order problem.

The twin demands are nothing new. Especially the agitation on the language issue has been there off and on. The Konkani Protagonists want that Konkani should be the sole official language in the territory. The pro-Marathi section which has given up its earlier demand for exclusive official language status for Marathi is now prepared to settle for a joint status along with Konkani. But this is not acceptable to the pro-Konkani forces.

Unprecedented violence

What has surprised observers is not the revival of the movement by the Konkani Porjenchos Awaz but the violent turn it has taken, which is something unprecedented in the territory's history. Eight lives have been lost and violence and mischief continue without let-up. All this has raised doubts whether the KPA which originally launched the agitation has any control over it now. Reports reaching Panaji suggest that in some remote places even personal feuds are settled in the name of the agitation.

Another dimension which has surprised observers is the movement acquiring the overtones of a campaign to remove the Chief Minister. Several Cabinet Ministers and other leading lights of the ruling party are in Delhi seeking permission for a change in the party leadership. How this would help the Konkani movement to achieve its objective is not clear.

In a way the entire thing was the creation of the Congress is boomeranging on it now. It was the Goa PCC which first called upon the Rane Government to make Konkani the official language. This was a decision taken at the behest of Mr. Eduardo Faleiro, then MP and now Minister of State for External Affairs. It was sought to be thrust on the Chief Minister who had reservations about the demand. Later it was made a fait accompli and the Chief Minister was left with no option but to introduce the Official Language Bill in the Assembly. But the reaction of the pro-Marathi group was on expected lines. It also launched a counter-agitation and the Congress (I) Legislature Party was vertically split on the issue. To avoid any ugly fallout, Congress (I) leaders in Delhi stepped in with a patch-up arrangement under which the Bill would be introduced only to be kept in suspended animation.

Continued uncertainty and dithering have provided critics of Mr. Rane both inside and outside the party a stick to beat the Government

with. Goa Congress, a breakaway group of the Congress party, headed by Dr. Wilfred DeSouza, former Minister who left the party after failure to seek a change in leadership, has jumped into the fray to fuel the agitation with a view to giving the impression that the Rane Government is incapable of handling the situation. The demand for imposition of President's rule has already been made by Dr. DeSouza and Mr. Ramakant Khalap, leader of the Maharashtra-vadi Gomantak Party. Mr. Khalap has gone a step further to demand the recall of the Lt. Governor, Dr. Gopal Singh, who according to many Marathi protagonists, is overtly supporting pro-Konkani forces. There is also a move to get Dr. DeSouza and his group into the Congress which is being opposed by a section of the party-men.

The language agitation has more to it than meets the eye. Behind the tussle is the issue of ensuring job opportunities for sons of the soil. Any intrusion of Marathi, it is felt, would open the floodgates for Marathi-speaking people from neighbouring Maharashtra. Another factor is the deep sense of distrust which has marked the two linguistic groups unfortunately identified with the two communities of Hindus and Catholics. This is a legacy of the Portuguese rule when speaking Marathi was regarded as a sign of nationalism.

Another peculiar feature is that though 90 per cent of the people in the territory speak Konkani, more than 60 per cent of the Hindus have enrolled their children in Marathi medium schools. Konkani protagonists have no complaints about sending their children to English medium schools. There are no takers for Konkani medium schools.

Even the demand for Statehood is not without complications. Everybody is in favour of it but there is a difference in their perceptions. If it is a state meant for Konkani-speaking people, there are more number of such people outside Goa (in Karnataka and Maharashtra). Konkani lovers of Goa are averse to having a Konkani State for fear of their identity being submerged by others.

Secondly if it is just an elevation of the present status, carrying Daman and Diu, the overland pockets off Gujarat, becomes an anachronism. Daman and Diu have emerged as havens for tax evaders of Gujarat and smuggling is flourishing bringing prosperity to these pockets. There is a marked reluctance on the part of several vested interest groups to delink Goa from Daman and Diu.

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CSO: 4600/1337

PAPERS REPORT PREDICTIONS ON 1986-87 ECONOMY

Council of Applied Economic Research

Calcutta THE TELEGRAPH in English 22 Dec 86 p 7

[Text]

New Delhi, Dec. 21 (PTI): The National Council of Applied Economic Research (NCAER) has contended that the overall growth during the current fiscal 1986-87 may be around last year's 4.5 per cent.

Reviewing the second quarter (July-September) economic performance of the current year in its journal *Margin*, the council said this stagnation could be owing to an inadequate monsoon for the third straight year, slow industrial growth and rising consumer prices.

A good part of this growth would, however, be contributed by the services sector as both agriculture and industry were slated to show only modest performance.

Pointing out that the situation regarding industrial output and prices was somewhat "unsatisfactory" during the quarter under review, the council noted that "a touch of brightness to the otherwise bleary picture of the economy" was lent by "a marked improvement on the foreign trade front."

According to the council, government finances have come under "strain" in recent months and the Centre would soon have to "choose between pruning its expenditure and a sharp rise in the budgeted level of deficit financing."

The council said the 14 per cent increase in the annual plan for 1986-87 was somewhat "inadequate" considering that there was a higher rise in non-developmental expenditure.

Welcoming the government's paper on administered prices presented during the quarter under review, the council said the real question was "whether this policy of administered prices will have a sobering effect on the price situation, without a check on the productivity of public-sector expenditure, or will it just lead to underwriting all the price increases in the public sector to cover up losses."

Though the trade deficit this year would be much lower than last year's whopping Rs 8,616 crores, the council warned that the overall balance of payment position would be under "strain" on account of the impending loan repayment to IMF.

On agriculture, the council said "based on last two years' production and the much lower rainfall this year, it would be difficult to expect any significant spurt in kharif output." But, considering the possible rise in fertiliser consumption and irrigation facilities, the kharif production this year would at least be 85 million tonnes, the level reached last year.

It said that if the overall rabi target was also achieved, the aggregate foodgrain production in 1986-87 might possibly reach 155 million tonnes.

On industrial growth, the council noted that following the 6.3 per cent growth in 1985-86, the growth rate so far this year had lingered lower than what it had been during the corresponding period last year. The target of eight per cent industrial growth would remain "unachieved unless an over nine per cent growth is achieved in the remaining months (September-March)". The council said that "while there is not much reason to look at the industrial situation with undue pessimism, the prospects do not look rosy either."

On reduction in the balance of trade deficit from Rs 4,214 crores in April-September, 1985 to Rs 3,382 crores in April-September, 1986, the council said this was achieved "singularly by the reduction in import growth from 30.6 per cent in 1985-86 to 1.06 per cent in the first half of 1986-87."

It warned that the performance of exports, would need to be "watched" as the growth rate slipped "markedly" from 24.6 per cent in the first quarter of the current fiscal year to 10.4 per cent in the second quarter.

Leading Economist's Prediction

Bombay THE TIMES OF INDIA in English 31 Dec 86 p 7

[Text]

NEW DELHI, Dec. 30 (PTI).

THE outlook for the Indian economy in 1987 is "optimistic" despite an adverse balance of payments position and deficit financing to the tune of Rs. 5,000 crores projected by the government, according to the leading economist and M.P., Mr. L. K. Jha.

"I don't consider deficit financing anything to be alarmed about as it can stimulate growth and generate employment in the economy, which is today beset by lack of demand and where industries have idle capacity," he said in an interview reviewing the country's economy in the year just past.

Mr. Jha said if the rates of indirect taxation and administered prices were raised in an effort to reduce the deficit, then probably the damage to the price level in today's condition of growth would be "more than definite".

"Likewise, if we try to reduce deficit by reducing investment we shall create shortages, if not immediately, certainly in the coming years," he said.

Mr. Jha also warned that any attempt to reduce deficit financing by additional resource mobilisation or cutting down production would do more harm than good to the economy.

Referring to the adverse balance of payments position at Rs. 8,616 crores in 1985-86, Mr. Jha said developing countries faced this problem as consumption levels rose faster than production levels. Reducing the consumption of luxury items must be part of an attempt to keep the balance of trade on an even keel, he said.

The bulk of Indian imports was of industrial raw materials or capital goods needed for development or for meeting the demand for industries of essential consumption, like vegetable oils, he said, adding, that any attempt to tighten import controls would lead to a "vicious circle".

"Import restrictions hurt the country's export capabilities and also slow down growth for development," he said.

A short-run remedy, Mr. Jha said, would be to raise the level of exports. However, it would be a mistake to imagine that liberalisation was the root cause of the adverse balance of trade. "In fact, our reserves in December 1986 are better than and not lower than in December 1985," he said.

Mr. Jha cautioned against depriving industries of their legitimate share of imports. Developed countries, he pointed out, had taken recourse to tariffs and occasionally to non-tariff measures. "We should use restrictive import policy discerningly," he said.

Many of the problems of capital goods industries could be solved if they were helped to reduce costs and

improve technology as an interim measure, Mr. Jha said. "They should be given shelter but we have to take care to lower their costs as otherwise we can't withdraw from the present high-cost economy," he said.

Mr. Jha said that work was now afoot to bring in a new index of industrial production which would show an appreciably high rate of growth than the existing index. He regretted that the old index did not give a true picture of the economy and underweightage was given to stagnant industries like cotton textiles. The growth in antibiotics, pharmaceuticals, small-scale sector, petrochemicals and electronic industries was ignored. Even BHIEL's production was sometimes left out of growth calculations, he pointed out.

He said the revised figures would be subjected to multiple testing to ensure that they did not disturb the real growth rate by overburdening it. "On the whole there are indications that industries, which are facing a slack in demand or whose production is getting held up for lack of power or difficulty in getting some other inputs, will be better off as the increase in levels of investment, as shown by the jump in volumes of capital issue, will have its impact on capital growth in the next two years," he said.

Mr. Jha said, "In general, I am optimistic about the economy, but there are weak spots".

Employment generation is not keeping pace with rise in population and increase in education and this cannot be solved by following policies of overloading existing enterprises in the public sector with surplus labour. "We must make adjustments in investment to generate more and more jobs", he said.

The economist said he was concerned about an "excess of government regulations". The road transport industry in particular was over taxed by both the Centre and states, he said.

On the role of states in resource mobilisation, he said while the concept had given good returns, it should not get into a rut of following old practices and priorities.

Pointing out that the level of savings and investment was now twice as high as it was at the commencement of planning, he regretted the rate of growth had not doubled. "This is where the weakness lies. Efficiency in resource utilisation rather than additional resource mobilisation should have been the priority," he added.

On the power sector, he said, there was urgent need for improving the plant load factor. Even a one per cent improvement yields 500 MW of power with minimal investment. Then why spend over Rs. 500 crores to get more power out of new investments," he asked.

Bombay THE TIMES OF INDIA in English 3 Jan 87 p 9

[Text]

BOMBAY, January 2.

WITH both agriculture and industry expected to grow a little faster, the rate of growth of real national income in 1986-87 may exceed that of 1985-86, according to the "Report on currency and finance, 1985-86" of the Reserve Bank of India.

The report points out that the kharif foodgrains output of 1986-87 may not exceed that of 1985-86, which was about 86 million tonnes. Rabi output may, however, turn out to be better than last year in view of the comfortable supply of vital inputs like seeds and fertilisers.

Even then, production would fall substantially short of the overall target of 160 million tonnes.

The prospects for non-foodgrain crops are mixed. Cotton and jute crops are projected to be lower than those in the previous year. However, the supply position is expected to be comfortable because of relatively large stocks from the previous year.

SUGARCANE OUTPUT

Sugarcane output may surpass last year's level of 171.7 million tonnes, and oilseeds production may turnout to be marginally higher than last year's level of 11.2 million tonnes.

Although the average rate of growth in industrial production during the first five months of the current year (April-August 1986) was lower at 5.5 per cent against 5.8 per cent during the cor-

responding period of 1985-86, industrial production is expected to pick up in the remaining months of 1986-87, the report states.

Expansion of broad money (M3) during the first half of the current year (April-September 1986) was 6.7 per cent against 6.5 per cent in the corresponding period of the previous year.

Up to December 5, 1986, the pace of monetary expansion has further accelerated, with M3 registering a growth rate of 11.5 per cent during the current financial year so far against 10.8 per cent in the same period of the previous year.

The increase in the wholesale price index in the current financial year up to November 1, 1986, was 6.4 per cent against 4 per cent in the corresponding period of the previous year. Although there has been a turnaround in recent weeks, the price rise is still perceptibly higher than in the same period last year.

The report points out that a matter of concern is the behaviour of consumer prices, which have been moving up at a rapid pace during this period. Over the seven-month period up to October, 1986, the average of consumer prices at 8.8 per cent was much higher as compared with 5.7 per cent during the same period in the previous year.

In view of this signal on the price front, the stance of monetary policy has to be one of continued caution, while at the same time ensuring availability

of genuine credit requirements of the various sectors of the economy, the report points out.

During the first eight months of the current year (April-November 1986) foreign exchange reserves registered a decline of Rs. 493 crores against the increase of Rs. 236 crores in the same period last year.

For the year 1986-87 as a whole, the sharp drop in oil prices may reduce the import bill on crude and fertilisers, but this may partly be offset by the rise in imports of non-bulk items to meet the growing investment needs of the economy.

During the first half of the current year, the trade deficit was lower at Rs. 3,382 crores against Rs. 4,124 crores in April-September 1985.

The report points out that the situation on the external front in 1986-87 appears to be more promising than what it was at the beginning of the year, and on the whole the balance of payments position is manageable.

The report on currency and finance, prepared by the department of economic analysis and policy of the RBI, is wider in scope and coverage than the "Annual report of the central board of directors of the bank" and the "Report on strength and progress of banking in India", which are statutory reports.

It provides a comprehensive treatment of the state of the economy and serves as an important source of reference for all those who are interested in economic and financial developments.

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CSO: 4600/1340

PAPERS REPORT, COMMENT ON ISLAMABAD TALKS

India's Stand Explained

Madras THE HINDU in English 27 Dec 86 p 9

[Article by G.K. Reddy]

[Text]

NEW DELHI, Dec. 26.

The Foreign Secretary, Mr. A. P. Venkateswaran, is leaving for Islamabad tomorrow with a mandate from the Prime Minister, Mr. Rajiv Gandhi, to explore the prospects for ending the current strains in Indo-Pakistani relations with some meaningful gestures from both sides if it is at all possible to restore the missing element of mutual trust in the present situation.

Apart from engaging himself in wide-ranging discussions with his Pakistani counterpart, Mr. Abdul Sattar, who is an old India hand, having served for several years as Ambassador in Delhi, Mr. Venkateswaran will also be calling on the President, General Zia-ul-Haq, and the Prime Minister, Mr. Mohammed Khan Junejo, with personal messages from Mr. Rajiv Gandhi, assuring them of India's readiness to resume the process of normalisation with matching responses from the two Governments.

There is no agenda as such for these talks which are basically in the nature of a confidence-building exercise, but the two Foreign Secretaries are free to raise any issue, to voice a grave concern or make a constructive suggestion, during these discussions. The whole purpose of these talks is to create a better climate for moving forward with some fresh initiatives to shed the deep-rooted distrust and open the way step by step for good neighbourly relations.

Impediment to normalisation: The Indian stand has been that the time-bound process of normalisation agreed upon on December 17, 1985, when General Zia visited Delhi, was impeded by Pakistan's continued involvement in Punjab, with the result that the relations between the two countries have worsened during the last one year.

The Government of India has tried to put the best possible construction on what had been agreed upon by the Home Secretaries of the two countries during their talks in Lahore a few days ago in a well-meaning effort to create an impression that Pakistan now stands committed not to support terrorism in any form in Punjab or elsewhere.

But it is too early for India to proceed on the assumption that Pakistan is going to honour this commitment without waiting for at least a few weeks to see whether the Zia regime will stick to it. So any new time-frame that is evolved for resuming the threads of normalisation has to take this aspect into consideration to ensure that Indo-Pakistani relations do not run into rough weather again.

Adequate guarantees: Apart from insisting on adequate guarantees against aiding and abetting terrorism in any form or under whatever pretext, India is suggesting that the two countries should proceed to implement at least what has been envisaged or agreed upon in the December 19, 1985 joint statement, such as resumption of trade, restoration of the Khokrapar-Munbao rail link between Sind and Rajasthan, sale of newspapers and other publications, cultural exchanges and cessation of hostile propaganda and incitement of communal passions.

As India sees it, the main hurdles to better relations, apart from the support to terrorism, are Pakistan's nuclear ambitions, its attempts to rake up the Kashmir issue and its brazen bid to acquire more and more American arms by projecting itself as a frontline State that has been gravely threatened by the Soviet military presence in Afghanistan. The present Government in Pakistan has been taking advantage of the

superpower rivalries in the area to get militarised in a big way and offer the use of its ports and airfields, developed with American assistance, to U.S. warships and reconnaissance aircraft.

Question of 'no-war' pact: The Pakistani Foreign Secretary is bound to bring up during these talks the question of a no-war pact as a starting point for a further understanding on what should be done to dispel such misgivings and generate greater faith in each other's intentions. But it would not be possible to restore any degree of confidence in each other's intentions as long as Pakistan is bent on pres-

ing forward with its nuclear weapon programme and acquiring more and more sophisticated arms from the U. S. by going well beyond its legitimate defence requirements.

At the same time, it is not in India's interest to refuse to engage itself in a dialogue with Pakistan on the implications of all these issues even if there is no hope of any accord on any of them in the present circumstances. A readiness to talk even if it is not going to yield any positive results would at least help to dispel the mischievous propaganda that India is a difficult country with which its neighbours cannot establish a working relationship except on its own terms.

Report on 27 Dec Talks

New Delhi PATRIOT in English 28 Dec 86 p 1

[Text]

Islamabad, Dec 27 (UNI)—India and Pakistan held detailed and wide ranging talks on ways to improve relations and clear the mistrust between the two neighbours, as the two-day official level dialogue on normalising relations was resumed today after more than 11 months.

India offered to reopen the second rail link between the two countries and expressed readiness to send a railway delegation to work out modalities.

An official spokesman said the discussions which were "friendly and cordial" were very wide-ranging and covered the entire spectrum of Indo-Pakistan bilateral relations.

During discussion on the twin proposals for a non-aggression pact and a treaty of peace, friendship and cooperation, India reiterated its objection to other country providing military bases to foreign powers and wanted the two countries to adhere to the principle of bilateralism in settling their disputes.

The establishment of a second rail link to facilitate travel between the two countries figured in the wide-ranging talks between the official-level delegations of India and Pakistan on the first day of the two-day talks led by their foreign secretaries.

The two countries have already agreed in principle to reopen the Khokhrapar-Munnabao rail link and discussions on the issue are in an advanced stage. An Indian Railway delegation was to have come here a few

months ago but the proposed visit was postponed after the leader of the team fell ill.

India's foreign secretary A P Venkateswaran, who arrived earlier in the day and Pakistan foreign secretary Abdul Sattar led the delegations of the two countries at the talks lasting three and a half hours.

The formal meeting was preceded by discussions between the two foreign secretaries for an hour. India's ambassador to Pakistan S K Singh and Pakistan's ambassador to India Humayun Khan were also present.

Later, Mr Venkateswaran called on Pakistan Minister of State for Foreign Affairs Zain Noorani and was with him for about 45 minutes. The two delegations had a working lunch at which senior officials of the Pakistan Foreign Office were present.

The twin proposals for a non-aggression pact, put forward by Pakistan, and a treaty of peace, friendship and cooperation, proposed by India came in for detailed discussions. In this context the Indian side reiterated that Pakistan commit itself against providing military bases to a third country and should adhere to the principle of bilateralism in settling disputes between the two countries.

The two sides exchanged views on their perceptions in view of the superpower military rivalry in the Indian Ocean and in the South Asian region in this context and situation in Afghani-

stan was discussed, with Pakistan once again wanting India to work for the withdrawal of Soviet troops from there so that the Afghan refugees could return to their homeland.

An official spokesman said the question of trade between the two countries were also discussed. Pakistan had early this year offered to enlarge the list of commodities for private trade to about 200 from the present 42.

The question of holding a meeting of the Indo-Pak joint commission also came up. It was to have met in March or April this year but could not due to the deterioration in the relations between the two countries in the wake of Indian allegations that Pakistan was abetting terrorism in Punjab.

The spokesman said last week's discussions between the home secretaries in Lahore were briefly reviewed and the question of Sikh terrorism was discussed.

Views were also exchanged on matters pertaining to widening people-to-people contacts in various fields.

The two sides also discussed the proposal for non-attack on each other's nuclear facilities and examined the agreed draft prepared in January when the last foreign secretary-level dialogue took place here. Certain technical aspects of the draft were discussed in depth.

There was also a discussion about Soviet leader Mikhail Gorbachev's visit to India recently and Mr Sattar's visit to Moscow.

'Little Headway' Noted

Bombay THE TIMES OF INDIA in English 29 Dec 86 p 1

[Article by V.T. Joshi]

[Text]

ISLAMABAD, December 28.

THE Indo-Pakistan dialogue at the foreign secretaries' level made little headway today on substantial issues but appeared to have registered some gains in regard to the long deadlocked trade and related matters.

It is claimed that some methods have been devised to "move ahead" on expansion of trade in the private sector and a "meaningful" list of items is to be prepared afresh by mutual consultation through diplomatic channels.

The proposal for setting up a joint business council with representatives of trade and industry has been revived and visits by businessmen and exchange of trade delegations envisaged.

For the rest, the two days' talks had precious little to show, as an observer commented: "It seems like an endless but friendly tug of war."

With each side reiterating its familiar positions on some of the vital issues like non-aggression pact and friendship treaty, finalisation of the agreement on refraining from attacking each other's nuclear facilities got bogged down in various technicalities today.

The first round of talks had yielded some very hopeful signs of an impending agreement. The best part of the dialogue, as a knowledgeable source remarked, is that it will continue in March next.

On the bilateral issues, old familiar arguments were again advanced by both sides. Pakistan appears to be still disinclined to commit itself on not granting bases to third countries even when faced with an extreme emergency, while India fears it might be tantamount to jeopardising its own security in certain situations.

The issues relating to bases for third countries and the need for expanding the scope of the Simla agreement have blocked the question of war and peace between India and Pakistan and relevant treaties.

The formalisation of the agreement against attack on nuclear facilities has been blocked for almost exactly a year now because of certain technicalities. Last night, it was claimed in knowledgeable circles that the agreement announced jointly by the Pakistani

President Gen. Zia-ul-Haq and the Prime Minister, Mr. Rajiv Gandhi, in their last december meeting in Delhi, was close to finalisation. But there were differences on definition of a nuclear installation.

So it seems to have been remitted to the next round of talks as also the matching of the "no-war" pact and a friendship treaty proposed by Pakistan and India, respectively.

According to observers, however, the nuclear issue cannot in reality be divorced from mutual confidence or lack of it in the alleged atomic weapons' programme of either. The Indian side is believed to have expressed surprise at Pakistan's reluctance on the question of bases for third countries since both India and Pakistan are committed to the objective of making the Indian Ocean, a zone of peace.

Even on the question of trade, consular and related matters it is actually back to square one. The finance ministers of the two countries had reached exactly the same understanding at their meeting in Islamabad last January, 1986, as claimed after today's meeting between the foreign secretaries.

A list of 42 items was prepared and announced for import in the private sector. Pakistan's list subsequently increased first to 200, and was then revised to 76, but either of the lists were never disclosed. The agreement was never implemented and the expected follow-up action not taken.

Now the exercise is to be repeated all over again and a fresh meaningful "list of items is to be prepared, keeping in view Pakistan's susceptibilities." From the Indian view, the original list of 42 is as good as meaningless because it contains only minor items which do not add up to any meaningful volume of trade between the two countries.

India is keen on persuading Pakistan to adopt a "non-discriminatory" policy in trade matters under GATT just as it has towards other countries and seeks no special favours or treatment, it is stressed.

On consular and other matters, today's decisions really amounted to a reiteration of earlier understanding and their implementation will be hopefully taken up by both sides urgently now.

Gandhi To Visit Pakistan

Calcutta THE TELEGRAPH in English 29 Dec 86 p 1

[Text]

Islamabad, Dec. 28 (UPI): The Prime Minister, Mr Rajiv Gandhi, will visit Pakistan by the end of next year, the foreign secretary, Mr A.P. Venkateswaran, announced here today.

Addressing a joint press conference with his Pakistani counterpart, Mr Abdul Sattar, at the end of their two-day discussions, he said the next meeting of the Indo-Pak joint commission and sub-commissions under it would take place in the first half of next year if Pakistan accepted the alternative suggestions in boosting bilateral trade.

Mr Gandhi's visit would be part of his trip to South Asian Association for Regional Cooperation (SAARC) countries before handing over the chairmanship to Nepal.

Both the foreign secretaries acknowledged that the progress on removing irritants between the two countries had been slow and wished it could have been faster.

On persistent queries if they could cite a single item on which the two sides had agreed at the official level talks, they merely said each round of discussion was moving the process of normalisation forward.

Asked about the obstacle in the way of improving relations, Mr Sattar said there were many problems dating back to the unfortunate history of the two countries. "We would be satisfied even if we make a small and humble contribution to better relations between the two countries."

Analyst Discusses Outcome

Madras THE HINDU in English 30 Dec 86 p 1

[Article by G.K. Reddy]

[Text]

NEW DELHI, Dec. 29.

The Foreign Secretary, Mr. A. P. Venkateswaran, returned today from his two-day visit to Islamabad with the distinct impression that, faced as it is with serious internal problems, Pakistan is anxious politically to avoid an unnecessary confrontation with India, although it is not yet ready psychologically to take the necessary steps to strive for genuine reconciliation.

The crisis of confidence generated over the years by mutual distrust seems to persist still despite some well-meaning moves being made by both sides to break the ice and create the right climate for resuming the process of normalisation.

The recent riots in Karachi seem to have shocked and sobered down Pakistan by making its ruling classes painfully aware of their serious internal weaknesses of their society, riven by both regional and sectarian feuds, in spite of the monothelistic character of this Islamic nation. There is a growing realisation in Islamabad now that any further sharpening of Indo-Pak tension, even if does not lead to another armed conflict, could be more detrimental to Pakistan's interests.

It was against this background that, during their private exchanges with the Foreign Secretary and other members of the Indian delegation, the Pakistan officials went out of their way to stress that their country had nothing to gain by prolonging the present strained relationship with a big country like India, which had a more resilient capacity to withstand the pressures of its internal turmoil than a truncated Pakistan. The President Gen. Zia-Ul-Haq and the Prime Minister, Mr. Mohammed Khan Junejo, were even more candid in conceding the limitations of Pakistan, but when it came to specific issues there was no evidence of any significant change in their attitudes.

So, not much progress could be made in narrowing down the differences over issues like the no-war pact, Pakistan's nuclear ambitions, a mutual commitment to bilateralism and denial of bases to third countries or even a meaningful list of items for trade, not to speak of liberalisation of travel procedures and cultural exchanges. The best that the Foreign Secretary could do in these circumstances was to restate the Indian stand on each one of these subjects and leave the door open for further discussions when his Pakistan counterpart, Mr. Abdul Sattar, pays a return visit to Delhi.

But the present strategy of Pakistan is to avoid such categorical commitments, but concentrate on cosmetic gestures to create an illusion of improvement of relations. It is in this context that both Gen. Zia and Mr. Junejo have been saying that the Prime Minister, Mr. Rajiv Gandhi, would receive a tumultuous reception if he visited Pakistan.

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CSO: 4600/1336

BRIEFS

SOVIET-AIDED POWER PROJECT--Madras, Dec 29 (PTI)--The Tamil Nadu electricity minister, Mr V.V. Swaminathan, today said the Soviet Union was keen of funding a Rs 1,000-crore thermal power project proposed at Cuddalore in South Arcot district. He told newsmen here that the 700 MW plant would help reduce the power deficit in the state now faced with a 40 percent power cut for high-tension industries. Mr Swaminathan said the state required 70 lakh tonnes of coal per year and had urged the Centre to permit coal imports from Australia to keep its thermal plants going. The 210-MW unit at Mettur, proposed to be commissioned in January, also needed coal immediately, he added. Tamil Nadu had urged the Centre to sanction six thermal power plants and four gas turbine projects to overcome the power deficit, he said. [Text] [Calcutta THE TELEGRAPH in English 30 Dec 86 p 6] /9317

FOREIGNERS IN SIKKIM--Gangtok, Dec 27--The Sikkim government has extended the deadline for deporting foreign labourers working in the state on permits to March 31. They had earlier been ordered to leave Sikkim by the end of the year. Talking to newsmen yesterday, the chief minister, Mr Nar Bahadur Bhandari, said the decision followed Central directives permitting the labourers to stay till March 31. Mr Bhandari said the state government would renew work permits on behalf of the Centre. [Text] [Calcutta THE TELEGRAPH in English 28 Dec 86 p 1] /9317

ANDAMANS DEVELOPMENT PACKAGE--Port Blair, Dec 27 (PTI)--The Islands Development Authority today approved a package of schemes to accelerate the pace of development in the Andaman and Nicobar islands and the Lakshadweep group of islands. The Authority, at its first meeting held under the chairmanship of the Prime Minister, Mr Rajiv Gandhi, decided to set up a study group to look into the decrease in population of some tribes in the bay islands. The Authority decided to introduce inter-island helicopter services and to modernise the communication system. Addressing the meeting, the Prime Minister said while undertaking development schemes, care should be taken to preserve the ecology and environment. Earlier, he was given a rousing reception as he flew in here on a three-day official visit. [Text] [Calcutta THE TELEGRAPH in English 28 Dec 86 p 1] /9317

HARYANA OPPOSITION FRONT--Chandigarh, Dec 25--A united front consisting of the Janata, the CPI, the CPI(M) and the Republican Party of India (RPI) was formed here today. The formation of the new Haryana front, to be named later, was announced by Dr Bhim Singh Dahiya, member of the national executive of the Janata Party, at a news conference here. Also present at the press conference were Mr Dalip Singh Toofan (RPI), Mr Surinder Singh (CPM), Mr Bishan Singh--(Janata) and Mr Makhan Singh (CPI). Dr Dahiya said the decision to form a united front "as a third force in Haryana" was taken at a two-hour meeting of the leaders of the four parties in the MLA's hostel here today. The Janata leader said neither the Congress(I) nor the Haryana Sangarsh Samiti consisting of the Lok Dal and the BJP, were trying to solve the basic problems of unemployment, poverty and corruption in the state. "We felt that there is a strong need of a third force in Haryana in view of the coming elections in the state," he said. Dr Dahiya said the issue of seats to be contested by the new front would be resolved at the next meeting to be held in the second week of January. He ruled out the possibility of any electoral alliance with the Congress(I) but said adjustment of seats could be possible with the Haryana Sangarsh Samiti. [Text] [Calcutta THE TELEGRAPH in English 26 Dec 86 p 1] /9317

NORDIC BANK LOAN--New Delhi, Dec 25--India and the Nordic Investment Bank (NIB) have signed a memorandum of understanding under which project investment loans and other forms of financial aids will be extended to India by NIB. Projects to be covered include long-term cooperation on raw material extraction, production and marketing and transfer of technology to or from the Nordic countries. During their visit to India last month, NIB representatives evinced interest in several projects. These include power transmission system for a thermal power project and a project involving oil exploration in the Bombay offshore region. NIB is also proposing to extend a line of credit to the Industrial Development Bank of India for projects presently being implemented on relatively soft terms. NIB is a multilateral financial institution owned by five Nordic countries--Denmark, Finland, Iceland, Norway and Sweden. It provides medium and long-term loans and guarantees and provides special financial facilities for assistance to high priority projects in a number of countries outside the Nordic region. [Text] [Calcutta THE TELEGRAPH in English 26 Dec 86 p 6] /9317

THAI FISHING VESSELS--New Delhi, Dec 23 (PTI)--Two Thai fishing vessels poaching in the Indian waters were seized in the Bay of Bengal off Port Blair last week by the Coast Guard. According to defence ministry sources here, the Coast Guard vessels also intercepted a merchant ship MV Intercity off Madras on December 17. The vessel was carrying contraband worth more than Rs 60 lakhs. In another swoop, four Bangladeshi mechanised fishing vessels were apprehended by the Coast Guard vessel Rama Devi. [Text] [Calcutta THE TELEGRAPH in English 24 Dec 86 p 5] /9317

BANGLADESH TRAWLERS SEIZED--Calcutta, Dec 21--A Coast Guard patrol seized five Bangladeshi fishing trawlers in Indian territorial waters near Haldia yesterday. The vessels, along with about 25 crew members, were handed over to the local police today, according to Coast Guard sources. The sources said the trawlers were moving in the Ganga basin coastal waters

when a Coast Guard patrol detected them. A huge quantity of fish was found in the holds of the vessels. The seized fish will be auctioned by the authorities at Haldia port after obtaining a court order. Earlier on November 29, the Bangladesh Navy had seized two Indian fishing trawlers in its territorial waters. The catch of the trawlers was auctioned at Chalna port in Bangladesh later. The Indian authorities had taken up the case with their Bangladeshi counterparts, the sources said. [Text] [Calcutta THE TELEGRAPH in English 22 Dec 86 p 1] /9317

NEW CHIEF JUSTICE--New Delhi, Dec 21 (UNI)--Justice Raghunandan Swarup Pathak was sworn in this morning as the 18th Chief Justice of India at a simple ceremony at the Rashtrapati Bhavan. The President, Mr Zail Singh, administered the oath of office to Justice Pathak. He succeeds Justice P.N. Bhagwati, who retired yesterday. The vice-president, Mr R. Venkataraman, the Prime Minister, Mr Rajiv Gandhi, the Union law minister, Mr Asoke Sen, other Union ministers, Mr Bhagwati, judges of the Supreme Court and Delhi high court were among those who attended the swearing-in ceremony. Born on November 25, 1924, Justice Pathak, who got his law degree from Allahabad University, began his career as an advocate in the Allahabad high court in 1948. He has practised in constitutional law, income tax, civil law, company law and industrial dispute cases. Justice Pathak was appointed an additional judge of the Allahabad high court from October 1962 and as a permanent judge of the same court on July 23, 1963. Justice Pathak was appointed chief justice of the Himachal Pradesh high court on March 18, 1972 and elevated to the Supreme Court on February 2, 1978. He is due to retire on November 25, 1989. [Text] [Calcutta THE TELEGRAPH in English 22 Dec 86 p 4] /9317

CSO: 4600/1339

TEHRAN TERMS IRAQI, U.S. 'PROPAGANDA' 'FOOLISH'

NC120858 Tehran Domestic Service in Persian 0430 GMT 12 Jan 87

[Commentary by Central News Unit Research Group: "The Defeat of the Enemy's Propaganda Ruses on the Karbala'-5 Operations"]

[Excerpts] The inspiring Karbala'-5 operations launched against what is allegedly the most invincible sector of Iraq's defenses along the 1300-km Iran-Iraq border has once again underscored the immense strength, unfaltering determination and unswerving ironclad resolve of the heroes of the monotheistic forces. In these operations, the Islamic fighters selected what was deemed by friend and foe alike to be the strongest point on Iraq's line of defense, and one that had been fortified with seemingly impassable barriers on both land and sea.

Over the past few days, the Zionist enemy has attempted to downplay the Islamic fighters' victories by concocting fabrications and masking them with ambiguity and deafening propaganda issued by the lord of the Qadisiyah in an effort to conceal his defeat. However, the consecutive victories of the Islamic combatants have made it clear to the Aflaqi propagandists that this false propaganda, which is their only armor, has proven ineffective. Following the Karbala'-4 operations, which were designed to serve as a warning, the Islamic fighters sought to avenge the blood of their womenfolk and offspring, shed in the cowardly bombing of our residential areas, with all their might. This provided grist for the Ba'thist-Zionist enemy's propaganda mills, which claimed victory and the defeat of the Islamic combatants. They then launched a welter of ear-shattering propaganda in an effort to revitalize the Ba'thist forces' morale, claiming to have killed 90,000 people. In pursuit of this same policy, Saddam paid a covert and unannounced visit to Saudi Arabia, ostensibly for the purpose of pilgrimage. The daily vociferous propaganda reached such an extent that Saddam names his imaginary victory in Karbala'-4 a great day in the annals of Iraqi history. But the Karbala'-5 operations dealt a strong blow to the false and boastful claims of the Aflaqi Iraqi regime, subjecting its propaganda to ridicule.

Under circumstances in which the reactionary and oppressive supporters of the Zionist Iraqi regime should simply have expressed their anxiety and regret over the regime's abject condition, the propaganda broadcasters of the West and international Zionism have increased their efforts to divert the public's attention from the Islamic heroes' latest victories, seeking to mitigate their

military and political repercussions. Though such propaganda efforts by the mouthpieces of the Iraqi regime's supporters are not unprecedented, they further highlight the many aspects of the Islamic fighters' triumph.

It is interesting to note that the oppressive Western propagandists stressed points and aspects that actually refute their own past allegations. This can [be] interpreted as another facet of the victory represented in the Karbala'-5 operations. The U.S. Government radio recently embarked on the dissemination of false propaganda, reflecting its increasing consternation. It claimed that the Iranian troops stationed on the fronts number 600,000, while the Iraqis have a million. On this basis, it claimed that the Iraqis are superior in all respects. The selection of such a line of propaganda by the White House is both imprudent and ludicrous. Naturally, such statements conform to the litanies of the Aflaqi regime, which has made similar assertions in the past in an attempt to bolster its forces' morale and to neutralize the effect of the massive dispatch of volunteers to the fronts. However, they also contradict their own previous allegation that Iran, which is vast and more populous than Iraq, has greater manpower at its disposal. By refuting its own previous statements in this way, in its effort to find a fresh line for its propaganda, the United States has done Iraq more harm than good.

If the Iraqi forces claim to be greater in number than the Iranians, the only possible conclusion is that the Islamic forces are capable of achieving greater victories with fewer fighters, thereby dragging the enemy deeper and deeper into degradation and humiliation. Such propaganda policies are both harmful and foolish, and serve only to emphasize the greatness of the Islamic combatants and to prove that the enemies of Islam have arrived at an impasse and are being forced to acknowledge their defeats.

They are being forced to admit that the Iranian nation, with its unflagging determination, has held its own in the face of plots and conspiracies and has risen to its own defense in the face of innumerable Aflaqi crimes--including attacks on civilian airliners, the use of chemical weapons, and attacks on commercial vessels--and has emerged victorious!

/12232

CSO: 4600/131

KEYHAN INTERVIEWS UN AMBASSADOR ON IRAN-U.S. CONTACTS

PM131437 Tehran KEYHAN in Persian 3 Jan 87 p 2

[Interview by Unidentified Correspondent with Iranian Ambassador to the United Nations Raja'i Khorasani in Tehran; date not given]

[Text] KEYHAN's first question concerned McFarlane's trip to Tehran Raja'i Khorasani said: Let us hear about this trip from the Americans themselves. If we want to hear what they have to say, this is how it goes: During an arms deal they felt that if they came to Iran they would find circumstances that might allow them to talk about Iranian-U.S. relations. This is the issue that is being discussed in the United States. The U.S. president, other officials, and party spokesmen have said that the Reagan administration was trying to get close to Iran through McFarlane's trip.

The UN ambassador then talked about what he feels were the reasons behind the trip. He said: I think that the Americans tried to take advantage of our arms channels because we are, after all, at war and everyone knows that we need weapons--indeed, we have been buying them on the open market. Even with the conditions that now prevail in the United States, one can deduce that the Americans are facing problems.

Not only did they not benefit from the contacts with Iran, but their political dignity has not been thrown into question too. Those who agree with Reagan as far as his goals are concerned agree with him only on that point and do not consider his principles successful.

Many of the questions asked of the National Security Council member and of Mr Reagan himself generally focus on this issue. They ask: How could you take such a risk in the hope of getting close to Iran? They themselves have approached the question of the trip's aims with a great deal of doubt.

The Iranian UN ambassador continued the interview by answering this question: In your view, what have been the effects of the McFarlane trip to Iran and the U.S. political defeat which it involved on U.S. relations with its allies in Western Europe and other countries friendly with the United States?

Raja'i Khorasani said: I think that this question has been raised many times in the local press as well as in the foreign mass media. What is obvious is

that those who depended on their relations with the United States have been disappointed and disillusioned. They saw how they themselves viewed their relations with the United States with a great deal of pride while also witnessing how the United States was willing to put so little value on those relations. Instead they saw the United States eagerly and humbly begging to approach the Islamic Republic--only to get a negative reply. This made it clear how small they are when confronting the United States, and how great the Islamic Republic is. This shows Iran's greatness on the international stage.

I feel that America's friends are facing two situations. One is that their idol and their boss is importuning the Islamic Republic in this manner--which in turn makes them feel very small. You know that Mr Mubarak was very worried because the United States was not counting on its relations with Egypt and had ignored them, only to try to establish ties with Iran.

The second point is that they may feel better because, while it is in some way shameful to have relations with the United States, Iran is also becoming involved in this. They draw a little bit of comfort from the affair and through that Iran, champion of struggle against aggression, was also getting a little soft. This is one clear and positive point which makes some reactionaries and U.S. lackeys happy.

These people have become small. All their dependence and all the service that they give to the United States have not had the least effect on the Americans. They see that the United States treats them like underlings and yet crawls and begs itself to get close to the Islamic Republic. This is a crushing blow to them. This issue has caused a kind of political instability in the Arab world. Many of the Arab nations have suddenly discovered that they are leaning against something that is not dependable. They see that, if the Islamic Republic makes the smallest sign to the Americans, the latter are always willing to let go of their friends and allies, to get close to the Islamic Republic. So they cannot depend on the United States as a trustworthy ally and find themselves up in the air politically.

Following the McFarlane trip to Iran, the United States realized that it was the loser in its foreign policy in the Middle East. When the Americans saw that they had lost their relative political advantage, they thought of sending Mr Bush or Mr Shultz to the Middle East to talk to the regional heads of state, to assure them that they could count on their friendship with the United States.

Mr Shultz has his own problems. When the Mc Farlane issue came up, he was the one who said that he knew nothing about it. One of the questions that come up within the Reagan administration was this: How could Reagan ignore the so-called secretary of state and--without consulting the State Department, which is supposed to be the channel for conducting foreign relations--go and define the foreign policy himself? So Mr Shultz was out of the question.

If he had gone to the Middle East to assure the regional countries, the first problem would have been that he himself was not informed of the issue: How could he assure these countries of their continued friendship with the United States? So they decided that Shultz was not the right person for this mission and that he had lost his clout.

Then they wanted to send Mr Bush. They had another problem with him, and that was that Bush was involved in an issue and they were scared that, if he went to the Middle East, the question might come up. They thought that Mr Bush would also lose his own dignity while he was trying to create reassurance among friends in the Arab world. They were afraid that the whole issue would come into question. All in all, for a while the question of sending an envoy to the Middle East lacked an answer. This shows that the United States is in a completely defensive position, and I feel that this is a great defeat for the Americans.

Dr Raja'i Khorasani then talked about the effects of the McFarlane affair inside the country. He said: To turn to the internal issue, there is something that I have experienced in the few days that I have been here which we must note. I have heard several speeches in various places, and at these speaking sessions I noticed that the main part of the questions focused on the McFarlane affair. This shows that there is some shred of doubt in people's minds with regard to the issue. I think some of this doubt is valid, and it does not necessarily lack a convincing answer. We have answers to all questions.

It is understandable, because all of a sudden McFarlane enters Tehran like James Bond and stays here for a few days, and for some reason the news is not given out. The news was only revealed on a specific day--the anniversary of the capture of the Nest of Spies [4 November]. Then within a few hours, it was published in a Middle East publication called AL-SHIRA'. The people were somewhat surprised by the whole thing, and this is natural, because the whole trip was a surprise. The doubt that is in people's minds is based not on knowledge but rather on ignorance. It is because they did not know why the man came, how he came, and how he left.

The officials informed the people about the affair in a good manner, but what we must think about is the fact that, for example, I was in New York and I was surprised. I was very surprised, but I had no doubts in my mind. This is because I am in an atmosphere where all around me, in my place of work in the United Nations, I am surrounded by Americans.

Should my brothers in Iran worry all the time that, since I am surrounded by Americans, something might happen? This is not so, because they trust me. I also have 100-percent trust in those who met and talked with McFarlane in the hotel. I know full well that what was said there were the things I wanted to have said, what the Islamic Republic wanted to have said.

Of course we asked him some very direct questions, listened to his answers carefully, and tried to understand the U.S. motives and plans. Of course, when they left we did not give them anything. Nothing could be clearer than this. Why? Because when McFarlane came here he was totally under our control. He talked to anyone we wanted him to talk to. The choice was completely ours. He had no say in anything that occurred while he was here. This is certain.

The second matter is to see who was there. Certainly they were comrades of the Islamic Republic and were our political experts. So, if we have an information gap in our minds, there is no need to fill this gap with bad and unworthy

questions. Therefore, the aim is the interest of the Islamic Republic and Islam in the region and nothing else. So it makes no difference if I go and talk to them or someone else.

Something else that is certain is that McFarlane said what he liked and we replied what we thought was best. We did not tell him things just to please him. This is the sum total of the issue, although I myself was not present in that room.

I feel that Mr Hashemi-Rafsanjani discussed the issue in full detail. Then there are some minor details, and it is not really right to talk about these things. The people know that it would not be correct for us to tell everything we know. While we are talking about such things, we do not wish to say that we are keeping things secret from the people. But that is exactly the case. These are things that would not benefit the Islamic Republic if they were revealed.

Dr Raja'i Khorasani then talked about the new makeup of the UN Security Council. He said: Some members of the Security Council have changed. You know that the changing membership of the council is made up of 10 countries which change every 2 years. For example, Venezuela, West Germany, and some other nations from Latin America have entered the Security Council. But this does not change the nature of the council. Because the permanent members are always the same and the issues remain the same. So, if we want to look at this realistically, we must not believe that, because some members of the Security Council have changed, there is going to be an Islamic revolution there. That is not the case.

The Iranian ambassador was then asked about the changing attitudes of the Security Council with regard to the Iraqi-imposed war against Iran and the violation of all international agreements by Iraq. He said: Rest assured that the Security Council will not say anything to upset Iraq in connection with the war and Iraq's repeated aggressions. Because the Security Council sees its role only in bringing a war to an end through negotiations. The council does not want to play the part of a court, to seek the truth and establish justice.

Raja'i Khorasani then talked about the reasons behind the trip to Iran by the ICO secretary general, the ICO's position vis-a-vis the Islamic Republic, the war, and the results of his trip. He said: The ICO secretary general has been wanting to visit Iran for a long time but the conditions were not right for such a trip. I must note that his trip to Iran was made not only because of the upcoming ICO summit but because it has been talked about for a long time.

He then commented on the venue of the next ICO summit and said: Kuwait has always been scared of Iraq. If it now announced neutrality, that would not be good for it. If it wants to remain one-sided as before--on Iraq's side--we will not be happy and we will not accept having Kuwait host the ICO meeting, because it has already announced its position with regard to the war in favor of the Iraqi regime.

The second point is that, if the Islamic heads of state do meet in Kuwait, they will hear the roar of gunfire, and I do not know if that will make for a calm and peaceful summit for them to sit down and talk about political issues. It

makes sense to have a calm atmosphere during such meetings. So perhaps Kuwait is not the best place to hold such a summit.

The KEYHAN correspondent then asked: With regard to the ICO's unjust position toward the Islamic Republic, what was achieved in terms of possible changes in ICO attitudes during the secretary general's talks with Iranian officials?

The UN ambassador said: The position of the secretary general himself is very different from that of the whole organization. We always recognize the difference between the position of the ICO secretary general and the body itself. During his trip he found out about our views. If he can implement a position of justice within the conference, we will be satisfied. If the ICO seems unwilling, at least he himself can act in a just manner.

/12232

CSO: 4600/131

KEYHAN HITS USSR 'DEFENSE OF THE WEST'

PM131505 Tehran KEYHAN in Persian 1 Jan 87 p 18

[Editorial by Mohammad 'Ali Mo'ali in Qom: "The Soviet Union Defending the West"]

[Text] The Soviet Union sees that the political defeat of the U.S. attempt to establish relations with Iran has shaken every part of that government. Yet, unfortunately, instead of adopting a hostile attitude to the United States, the Soviets have increased their propaganda attacks against Iran. They have joined ranks with the imperialist mass media and are trying to cover up the defeat of Washington's Black House by talking about the "arms sales to Iran."

Of course, the Soviet Union has nothing new to say on the subject: Rather, it repeats the same words as London's mass media, Israel's press and radio, and other imperialist propaganda machines.

They discuss the issue in these terms: The United States has to be punished for sending arms to Iran. They add: The United States has sent some of the money received from the sale of arms to the Nicaraguan counterrevolutionaries--the Contras. Iran has also sent some of the arms received to the Muslim revolutionaries in Afghanistan.

God willing, we shall discuss the results of this cunning propaganda in a separate article. However, Soviet repetition of this hostile propaganda is very interesting, because it is no secret to anyone that the USSR is the biggest supplier of arms to Iraq. Every day the world sees how MIG's and Tupolevs and other deadly weapons made by the Soviet Union drag innocent Iranians through the mud and blood in the streets of Bakhtaran and Eslamabad, using information gathered by U.S. satellites and AWACS planes.

While the Soviet Union sends billions of dollars of arms to the criminal regime of Iraq, creating the most gruesome crimes in human history, it unabashedly says that the United States has to be condemned for selling arms to Iran. All this, while the United States itself has admitted that the real value of the arms in question is only about \$10 million.

Of course, the Soviets know that the question relates not just to arms sales to Iran but rather to the all-out crisis that has befallen the U.S. administration--a crisis which is threatening the leaders of the Black House, the CIA, the Supreme Court, the secretary of state, and many other top U.S. officials. It is obvious that the Soviet Union is condemning the U.S. arms sales to Iran in order, on the one hand, to cover up the U.S. loss of face in the matter and, on the other, to damage the Iranian people's confidence.

The straw-like powers of the world have often admitted their unity and coordination when facing the Iranian people's Islamic revolution. We have often witnessed this cooperation between East and West in terms of the weapons used during the war by the Zionist regime ruling Iraq.

Shultz said in a speech to a GCC foreign minister's meeting in New York 3 months ago that the United States and the Soviet Union had discussed the Iran-Iraq war during their talks in Stockholm and Washington and that they had reached a unified stance. Shultz continued his war of words against the USSR by saying that he regretted the fact that the Soviet Union was not diligent enough in preventing Iran from having access to arms.

In this manner both the United States and the Soviet Union, in a unified propaganda ploy, condemn one another for sending arms to Iran. But in reality Soviet jet fighters are dropping their bombs on the innocent people of Iran, using U.S.-supplied information.

At this rate the Soviet Union has no right to complain about the fact that the aware and revolutionary people of Iran mention its name with hatred alongside that of the United States. On the other hand the people of Iran do not say that the Soviets are equal to the Great Satan, the United States, because they know full well that in many cases the United States has even fooled the Soviet Union.

One of the cases in which the Soviets seem to have been fooled by the United States is the military occupation of Afghanistan. Because, following the capture of the U.S. Nest of Spies in Tehran, the United States was introduced as the greatest enemy of the Muslim masses and so became the object of hatred in the region. By ignoring the Soviet entry into Afghanistan, it encouraged the Soviets so that the thoughts of the world's Muslim masses be diverted from the United States [sentence as received]. It also provided a good enough excuse for other U.S. interventions and crimes in other deprived countries of the world.

All in all, a country like the Soviet Union buys its foodstuffs directly from the United States and so is forced to coordinate with the U.S. administration in order to provide food for its people. Just as it is forced to impose American luxury and unnecessary items such as soft drinks on its people, it is also forced to defend U.S. political stances at crucial times.

In the midst of this the United States has not lost one minute in belittling the Soviets. For example, during his unsuccessful trip to Iran, McFarlane tried to find excuses for his own bad situation by putting down the Russians. He

told the Iranian officials: If I had gone to the Soviet Union to buy furs, Gorbachev himself would have asked to meet me several times.

Of course the Soviet defense of the West in the face of the Islamic revolution and Islam has a long history. From the beginning of the Islamic movement in Iran, in 1963, the Soviets have shown their sympathies toward the Western propaganda machines. Moscow Radio joined ranks with the Shah and the United States and called the Muslim revolutionaries "reactionary elements" in Iran. They called the Shah "freedom-loving" and "progressive." They said: Reactionary elements in Iran are unhappy about changes in that country, especially land reforms. Giving more rights to Iranian women is not to their liking. Today in Tehran, Qom, and Mashhad they organized street demonstrations, and their leaders and main agitators were several religious leaders.

In June 1963, the official Soviet newspaper IZVESTIYA helped the Shah in this way: There were disturbances in Tehran, Qom, Mashhad, and Rey today provoked by some reactionary religious leaders. The mob took advantage of religious mourning days to fight against the government's proposed land reforms. A number of demented and agitated youths caused damage to shops and overturned some cars.

You can see how the Soviet Union tried to cover up the truth in order to help the U.S. imperialists and the Shah and how they insulted everything holy to Muslims in order to do so.

Of course, we believe that it is this Soviet emulation of the West and the United States that is preventing them from having good and progressive relations with its neighbor, Islamic Iran, despite a huge joint frontier. Unfortunately the unprecedented freedom that has been given recently in the Soviet Union to those in favor of Western capitalism--including the direct link between Sakharov and U.S. television networks, permission for Westernized Soviet Jews to return to that country, and other Soviet flexibility toward the West--shows that the movement of the Soviet political wheels is in the direction of Western-style capitalism. In general it seems that the world is moving toward one pole, and that is a position of hostility to Islam.

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CSO: 4600/131

SADDAM HUSAYN VISITS FRONTS IN 'FUTILE' EFFORTS

LD121205 Tehran IRNA in English 1146 GMT 12 Jan 87

[Text] Karbala'-5 Operational Region, 12 January, IRNA--Saddam Husayn's personal efforts to inspire his battered forces has proved futile and the Muslim forces of Iran in the second stage of the ongoing operations, in one of the severest battles with the Iraqi forces here Sunday night, inflicted casualties and damage on the enemy.

The Iranian forces after smashing the Iraqi forces are steadily continuing their advance in the region, said IRNA correspondents reporting from the frontlines.

The Iranians were engaged Sunday night in pitched battles in three axes and the heaviest was reported around the 'Fish Lake,' where the Iraqi ruler, Saddam himself was said to be directing the counterattack.

Saddam had tried to mobilise his battered forces, who have sustained the heaviest blows in the course of the Karbala'-5 operations, now in its 4th day, and had organised one of the strongest counterattacks against Iranian forces.

However, the Iraqi ruler's vain efforts ended in nought and the Iraqi troops were completely crushed by the Muslim combatants of Iran who inflicted heavy casualties and damage on enemy forces, the reported added.

Hundreds of Iraqi corpses littered the area and according to listening posts of the Iranian forces, Saddam was heard desperately urging his demoralized commanders to resist. The counterattack was smashed in its early hours and the remainder of the Iraqi personnel fled the scene.

The Iraqi state run news agency (INA) later reported Saddam's return to Baghdad after 'inspecting' the Iraqi Third Army. However, it did not give the reason for Saddam's visit to western Basra where he had taken personal command of the counterattack. The Baghdad television in its midnight news bulletin Sunday showed Saddam along with some of his commanders all looking drawn and dejected.

During the victorious Val-Fajr-8 operations (February 1986) in which Iran captured the strategic Iraqi port of al-Faw, Saddam was in Umm Qasr for several days directing counterattacks against Iran which all proved futile.

The Muslim Forces in their lightning attack Sunday night north west of the 'Fish Lake' completely routed the Iraqis.

Hundreds of tanks, armoured vehicles, trucks, loaders, and heavy and light engineering equipment of the enemy were set ablaze and smoke of the burning equipment billowed in the area for several hours.

In another axis in Smalamchah region the Iranian forces were engaged in a battle with units under the command of the Iraqi Third Army. The Muslim combatants continuing their advance inside Iraq killed or injured a large number of Iraqi forces, besides capturing many others.

The Iraqi Third Army, said to be Saddam's most skilled corps, has sustained high casualties in the ongoing operations. The personnel of the corps have lost their morale and the commanders are asking Baghdad for reinforcements.

IRNA reporters added that the Islamic forces of Iran are strengthening their positions while keeping enemy positions under heavy fire.

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CSO: 4600/131

IRANIAN UN MISSION CONDEMNS SOVIET STANCE ON WAR

LD111217 Tehran Domestic Service in Persian 1030 GMT 11 Jan 87

[Text] A statement has been issued by the Islamic Republic mission in New York in response to utterances made by the head of the Soviet mission at the United Nations to the effect that the Soviet Union is trying to bring Iran to the negotiating table by supplying the weapons needed by Iraq to continue the war against the Islamic Republic.

The statement, referring to the invasion launched by the Iraqi regime on 22 September 1980, which was a flagrant violation of international convention and the bilateral agreement for the peaceful settlement of disputes, says: The arrogant powers of both east and west, despite their basic responsibilities as members of the Security Council to prevent aggression and protect international peace and security, are openly helping the aggressive party--meaning Iraq--either in armaments or in other ways, thus contributing to the prolongation of the war.

Both the Soviet Union and the United States, by supplying weapons and intelligence as well as other types of assistance to the criminal Iraqi regime, have not only failed to prevent a speedy conclusion to this imposed war; rather such cooperation has even enabled Iraq to continue to exacerbate its violation of international law, including the bombing of civilian areas, the deployment of chemical weapons, attacks on merchant vessels in the Persian Gulf and on passenger airliners.

Elsewhere, the statement says: Whereas the Soviet Union considers itself a progressive government, and despite previous statements by that country's officials to the effect that imperialist powers have initiated the war against the progressive Iranian revolution, that country has adopted stands commensurate with those adopted by the United States and the reactionary and puppet regimes in the region and, having supplied weapons to the aggressor, has, in fact, helped a war criminal deal blows to the Islamic revolution of Iran.

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CSO: 4600/131

KHOMAYNI WARNS OF PERVERSE TRENDS IN QOM SEMINARY

LD251512 Tehran IRNA in English 1440 GMT 25 Jan 87

[Text] Tehran, 25 January, IRNA--In a meeting with visiting members of the Council of Management of Qom Theological School here Sunday the leader of the revolution and founder of the Islamic Republic of Iran, Imam Khomeyni, advised them to do everything in order to ensure that the classical Fiqh (religious jurisprudence) is safeguarded against arbitrary transformation. He said one principal responsibility of theologians is to convey the scholarship to future generations intact.

Imam Khomeyni also advised the Theologians against leniency towards perverse trends at the Qom Theological School and other schools of Islamic divinity throughout Iran reminding that any pervert [as received] development at the theological schools would in the long run affect every aspect of life throughout the country. He recommended a closer watch over elements who might intend to find their way to the theological schools for the purpose of carrying out such schemes.

The imam also suggested that each session of teaching start with some notes on Islamic ethics and that the element of spiritual refinement be stressed upon as a basic requisite for divine studies.

During the meeting member of the Council of Management of Qom Theological School Ayatollah Mohammad Fazel presented a status report on the Qom Theological school which included data on curriculum and academic activities.

Ayatollah Fazel said in his report to the imam that thus far 1,200 students of the Qom Theological School as well as another 300 divinity students from other schools elsewhere throughout the country had been martyred in the battle-fronts.

To date as many as 35,000 theology students have been dispatched to the war fronts in various capacities.

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CSO: 4600/131

ENVOY TO GREECE ON SECURITY OF PERSIAN GULF

LD191464 Tehran IRNA in English 1348 GMT 19 Jan 87

[Text] Athens, 19 January, IRNA--The putative threat to the security of the Persian Gulf is merely imperialistic propaganda, and Iran is quite capable of guaranteeing its security and that of Hormuz Strait, said Ahmad Ajal-luiyan, the Iranian ambassador to Greece.

In an interview with the Greek Sunday newspaper EVDOMI, the envoy repeated Iran's conditions that the war will end only when the aggressor is punished, war compensations paid to Iran and Iraqi refugees living in Iran allowed to return to their country.

EVDOMI also interviewed the envoy of Iraq in Athens, Nabil Nazim [name as received] who said Baghdad is receiving weapons from France and the Soviet Union.

Meanwhile, K Konstantinidis, a retired major general, writing for mass-circulation daily ETHNOS says that the tired Iraqi forces have reached the limit of their resistance.

TO VIMA, an influential weekly newspaper, writes that since 2 years the was has turned in favour of the Iranians and a victory for Tehran is 'possible.'

The Greek TV-ERT 1 in its Sunday afternoon news bulletin announced that Iranian forces had reached the outskirts of Basra, and displayed an Iranian video showing the shooting down of an Iraqi plane by the Islamic forces.

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CSO: 4600/131

TEHRAN REPORTS COMBAT OPERATIONS BY IRAQI KURDS

LD151200 Tehran Domestic Service in Persian 1030 GMT 15 Jan 87

[Text] Iraqi Kurdish Democratic Party [KDP] forces, took control of the (Amadiyah - Shiranish) road in the course of operations in Mawsil Province. According to a report by the Ramadan headquarters, the center of irregular operations of ground forces of the Islamic Revolution Guard Corps, the Iraqi KDP forces, in their support for the proud operations of the combatants of Islam in the KARBALA'-6 operational sector, launched a series of operations yesterday and today against positions of the Iraqi Zionist forces along Iraq's northern axes.

The report says that during these operations the KDP forces occupied the (Amadiyah-Shiranish) road and completely halted traffic movement along the road. Also during these operations, the Kurdish forces, attacking the city of Dahuk in Mawsil Province, pounded the headquarters of the Sarshikan company, the communications headquarters and the security center in the city. In these operations several military and official vehicles were set ablaze in the city and a large number of light and heavy weapons were captured by the Kurdish warriors.

The Iraqi KDP forces also attacked positions of the Iraqi Ba'thist forces along the (Chinazar) axis in Mawsil Province, destroyed several communication masts and captured an enemy radio transmitter.

At the same time, forces of the 'Amadiyah Committee, members of the Iraqi KDP, attacking an enemy concentration in (Sarsang), destroyed the headquarters of an Iraqi brigade, the communications department and the town's district office. Also during these operations, the Kurdish forces while destroying military vehicles, state-owned machinery and one enemy armored personnel carrier, succeeded in killing or wounding a group of the Iraqi mercenary forces.

Thanks to the fire of the Kurdish forces yesterday, helicopter of the Iraqi forces which intended to attack the Kurdish forces was downed in the (Spinazar) region and its crew was killed.

The same report indicates that simultaneously with these operations, the Dahuk Committee forces of the KDP attacked the military base of the City of Dahuk and a parking lot of the military vehicles in the city and killed or wounded a large number of the Ba'thist troops in Dahuk. In these operations, the development office of the city of Dahuk was set ablaze.

MOSLEMS REACT TO IRAQI AIR RAIDS ON QOM

Tehran TEHRAN TIMES in English 17 Jan 87 p 2

[Text]

THE ATHEIST regime of Iraq in continuation of its continuous crimes, yesterday and last Wednesday bombed the Holy City of Qom, martyring many civilians and wounding scores of others. In the first attack on Jan. 14, Iraqi warplanes bombarded and rocketted an area close to the Holy Shrine of Hazrat Masoumeh, sister of Imam Reza (A), 8th Imam of Household of the Holy Prophet Mohammad (S) and then again yesterday bombarded the Holy City which is located some 100 miles south of Tehran, at the height of Friday prayers.

These brutal attacks, which took place following repeated violations of the city's airspace. A number of residential units were destroyed or damaged in these attacks.

This inhuman action, which was done upon the direct orders of Saddam, is of course the first crime of its kind committed by the Baghdad regime. Yet the seriousness of the crime calls for condemnation of Iraqi regime by world Moslems, Ulama, personalities and Islamic thinkers. The brutal attacks were not only contrary to all worldly and material norms and laws, they were a violation of the sanctity of a very holy place.

The Moslem people of Iran and Iraq consider these brutal attacks on Qom by the Zionist regime of Baghdad to be in continuation of the Pahlavi regime's crimes and even the Iraqi regime's crimes against its own sacred places.

The attacks on Qom and murder of innocent people reminds us of Reza Khan's attack on Goharshad Mosque and the Holy Shrine of Imam Reza (AS) in Mashhad. The Iraqi raid is also a reminder of the massacre of people of Mashhad by the ex-Shah's regime in 1978. At that time, the Shah, whose regime would fall in only one month, ordered the people to be massacred and murdered in the Holy Shrine's precincts.

Of course, the Iraqi regime has committed similar crimes against its own Holy Cities, i.e. Karbala, Najaf, Kazemain and Samarra. The Baghdad regime has desecrated these Holy Cities many times in the past.

Indeed, the committed Moslems all over the world will appropriately react to this Iraqi crime against a sacred place with full force.

It is up to the Islamic world's personalities and Ulama to react to this open sacrilege to the shrine of one of the members of the Holy Prophet's (S) family. Otherwise, the Iraqi regime will be encouraged to continue these anti-Islamic crimes with impudence in the future.

In this connection, Ulama of some countries, including Lebanon, Pakistan, India, Sweden and Norway condemned this brutal action and announced struggle against this regime a human duty.

Here we refer attention of persons for whom continuation of war is still under question and may want to ask why Islamic Republic of Iran does not give in to peace, to this point that this wild and criminal action of Saddam very well reveals his Satanic nature. And it shows that if gains power in the region, he may commit any crime. This is why now that the Islamic Republic with God's help has gained the upper hand and the enemy is weak, he must not be given any opportunity. Because mercy on panther is cruelty on sheep.

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CSO: 4600/132

COMMERCE MINISTER DETAILS RESULTS OF NEW ECONOMIC PROGRAM

Tehran KEYHAN in Persian 1 Dec 86 p 18

[Text] After the sharp decline in oil price, in order to reduce the economic vulnerability of the country, the government began to enact and execute a policy called "A New Economic Program" in which considerable changes in the economic and commercial policies of the country were foreseen. The creation of a shift in the composition of import goods, changes in consumption patterns, stabilization of the price of essential goods, paying more attention to the agriculture and industry sectors instead of services, putting a stop to the lucrative market of middlemen and intermediaries were some of the expected results of the new program. Moreover, it was also necessary for the government, while intensifying its role and supervision of the limited economic possibilities of the country, at the same time to increase its supportive measures with regard to the low-income strata.

The lapse of six months for the execution of the new program has afforded the opportunity to make a limited evaluation of the results of this program in certain sectors of the country's economy. Of course it is quite obvious that this evaluation must be directed towards such objectives which have been included in the text of the new program and their resultant accomplishment. What appears below is the result of a two-hour interview with Abedi-Jafari, minister of commerce, on the most important axes which have come about as a result of the execution of the new economic program in the area of domestic and foreign commerce of the country. Issues such as the change in the composition of import goods and that of foreign trading partners, encouraging the policy of non-oil exports by the private sector, the effect of the new program on the measures which safeguard the commercial services, gravitation of capital from trade to production, supportive measures with regard to the low- and middle-income strata, the procedures ruling over foreign purchases and other significant and relevant issues.

Question: After a drop in the oil price, the government adopted the policy for the New Economic Program. What have been the effects of the new economic conditions and those of the new program and policy of the economic issues on the system of commerce of the country, particularly foreign trade? Please give us the resulting effects both from the viewpoint of change of the trading partners and the percentage composition of the import and export commodities.

Answer: The enemy is trying to make the Islamic Republic, which has so far not given in to the various imperialistic and despotic plots of enticement, stoop

and surrender--this time by causing a drop in our oil revenues and foreign exchange. That is why they are after our most important source of foreign exchange, namely oil. And thus with the help of their followers they have been trying to cut or reduce the flow of this vital economic artery of the Islamic Republic of Iran.

These operations have been divided into two major axes by the enemy: First, the thesis axis for the oil price reduction on the world market, and the second axis involves the destruction and annihilation of all the oil possibilities of the Islamic Republic, whether export/production possibilities.

In order to thwart the effects of this plot, we had to direct our endeavors toward two fronts: First, we had to prepare a new strike program to absorb the ensuing loss and damages from the oil price reduction and the resultant drop in our foreign exchange income and keep such losses to a minimum. The second point pertained to the fact that the government had to make the best of the prevailing circumstances and used them as a jumping board for the growth and advancement of the Islamic revolution.

If we think that such monumental plots were devised without the support of the elements and bases of the world arrogance in Iran, we will be mistaken.

Therefore, we noticed the domestic reactions along with other plots, one after the other. The first coordination of efforts in this regard was demonstrated by revealing the economic secrets of the Islamic Republic, which was discussed in one of the mass media, and by which the most confidential information was divulged in the worst possible manner by some individuals. This action, whether deliberate or not, in fact amounted to cooperation and collaboration with the superpowers and the West, which had devised such plots to begin with.

The main objective of the internal/domestic elements was to weaken the public's morale. With regard to the effects of the plots and the other harmful action of the elements of the world arrogance in our country in dealing with the new situation was the creation of disruption and forestalling the distribution of some essential goods throughout the country.

At this time also there was another cunning move which tried to show that the policies of the Islamic Republic were the cause of the new situation and the drop in the oil prices by the world arrogance. And instead of fighting the world arrogance, they directed their protest toward the system and the government of the Islamic Republic and thus held our officials responsible. Yet, they impeded the government's actions in one way or another and labelled them illegal or inexcusable and so forth, which in the long run caused delays in the government's move in resolving the issues. At any rate, with all the difficulties which were expected to crop up internally along with the foreign elements, the government enacted the new program and put it into effect.

This is a two-year program which includes the years 1365-66 [21 March 1986 - 20 March 1987 to 21 March 1987 - 20 March 1988] and the main axis of activities will involve facing the new conditions which have been imposed on us. The use of these new circumstances as a jumping board will lead the Islamic Republic to its economic goals and self-sufficiency.

There are five main objectives at the top of this economic program: First, securing all the needs of the imposed war with the use of every and all possibilities; second, securing the needs of agriculture and those of the natural resources through the utilization of all the actual and possible capabilities.

Third, securing of the minimum essential needs of a revolutionary society which is at war, through stabilized prices and an endeavor in maintaining control of the general level of prices. Fourth, continuation of the moves and activities towards improving the economic structure, non-reliance on oil and safeguarding of the production employment as far as possible. The fifth objective pertains to a change in consumption pattern.

Here with regard to the effect of the new economic program on our foreign trade, I must say that on the one hand our foreign exchange revenues have been allocated to those commodities which are essentially in demand.

The move, which was begun by the government in this regard, was to choose the most needed and essential items for society and thus proper foreign trade investment in the import sector was allotted to these commodities. Thus, top priority was given to the war materiel, then the import of pharmaceuticals and other essential goods such as foodstuffs, clothing and other items comprised our list of priorities.

Here it must be noted that a drop in the oil price and plummeting of our foreign exchange revenues from foreign trades has had an effect in the composition of the import commodities. For instance, in 1362 [21 March 1983 - 20 March 1984] most of the foreign exchange possibilities at the disposal of the Islamic Republic were assigned to the import of goods and securing our foreign exchange needs. The composition of the commodities which were in demand in various sectors was as follows: The essential goods comprised 20 percent of the foreign exchange allocations, the raw materials and tools and equipment for the Ministry of Industries comprised 30.8 percent, the needs of the Ministry of Heavy Industries comprised 16.44 percent, agriculture 10.8 percent, and in the commercial sector except the essential goods, namely other commodities comprised 21.96 percent of the allocations. Nevertheless, the five main foreign exchange sectors of the country during the first six months of 1365, which have naturally been affected by the new program, are as follows.

The role of the essential goods in imports has reached the level of 55 percent of the total imports; likewise, the needs of the Ministry of Industries have reached 20.72 percent and those of the Ministry of Heavy Industries reached 7.67

percent, the needs of agriculture reached 6.73 percent and other commercial commodities needs reached a level of 9.84 percent.

According to the statistics, the role of essential goods has reached a level of over 50 percent of which certain specific items include wheat, cooking oil, rice and other similar commodities.

Furthermore, as a result of the reduction of the allotment of foreign exchange for our industry, we notice our dependency on our industries and if it becomes the butt of more incursions, it will likewise have to endure more damages. For this reason, we have enforced the most reduction in this particular sector and it is the objective of the government to emphasize those sectors which are less dependent on foreign exchange.

However, the reduction which has been effected in the sector of agriculture is far less than that of the share of industry's. Moreover, it must be noted that for the sake of ensuring employment and the growth of productivity of the small producers and other production guilds, certain foreign exchange figures have been allocated for them and the Ministry of Commerce accepted the responsibility for importing the needed commodities of these producers and gradually their needed raw materials are being imported and put at their disposal accordingly.

But with regard to the foreign trade partners, since our import possibilities for goods were mostly directed toward strategic and essential commodities, naturally the composition of our trading partners, in comparison to the previous years, has been more a mix of those countries which are intrinsically Islamic or of the Third World rather than the Western countries which are usually the main industrial producers. The composition of those countries with which we have traded after the drop in oil prices and a comparison of this composition with a couple of years ago indicate the nature of the transformation. For instance, the Western bloc nations, before the advent of the Islamic revolution of 1358 [21 March 1979 - 20 March 1980], provided one hundred percent of our import needs.

This figure in 1358 was reduced to 80 percent and in 1359 [21 March 1980 - 20 March 1981] the figure reached 66 percent while in 1362, as a result of an increase in the volume of imports, the figure once again reached 73 percent. In the first six months of 1365 where in actuality the effect of oil price reduction should be sought, the figure was reduced to 66 percent again.

The Eastern bloc countries, which had a share of 6.8 percent of our imports before the advent of the revolution, in 1358 their share was increased to 7 percent and in 1359 it reached 15 percent while in 1362 it was reduced to 8 percent and in 1365, once again the figure dropped to 7 percent.

The share of imports of the Islamic and Third World nations before the advent of the revolution was 8.16 percent, of which this figure in 1358 comprised 4 percent for the Islamic countries and 7.5 percent belonged to the Third World

nations. In 1362 the share of imports of the Islamic nations reached 10 percent and that of the Third World countries rose to 9 percent. During the first six months of 1365 the share of imports of the Islamic countries reached 15 percent and that of the Third World nations dropped to 7 percent. This means that in comparison to the era before the revolution there has been a 22 percent overall increase in imports from the aforesaid countries. In other words, during the first six months of 1365, about 25 percent of the purchases for the Islamic Republic was carried out with the Islamic nations of the world or the Third World countries.

Question: It seems that Turkey, which is one of our major foreign trading partner, in the aforementioned composition has been considered as an Islamic country or one belonging to the Third World nations. With the elimination of Turkey's role, which leaves noticeable effects on this composition, we see that during the first six months of 1365 no appreciable changes have been made in the said composition--whereas, if in reality we consider the West, the main cause for the blow inflicted on the economy of our country it would seem advisable to decrease our commercial relations with the West substantially. However, during the course of the execution of the new program this transformation has not taken place. In addition, before the advent of revolution in Turkey, that country was considered a European bloc and belonged to the Common Market, while today it is regarded as an Islamic country and one belonging to the Third World.

Answer: With regard to the Islamic countries, there is no other country similar to the Islamic Republic of Iran outside the limit of our borders. And naturally those countries with which we have trade relations, either their Islamic population or their Islamic government are the deciding factor; furthermore, other factors such as proximity, minimum expense or cost for carrying through commercial transactions are some of the major considerations for dealing with such countries.

It is true that Turkey, among the Islamic nations enjoys a major share of our imports; however, one should not forget other countries like Pakistan and other Islamic nations which sold us rice and other essential goods, which on the whole comprise noteworthy figures. Also other Islamic countries such as those in Africa and elsewhere are gradually expanding their trade relations with the Islamic Republic of Iran.

Another important point in response to your question is that the lapse of six months is not long enough to evaluate the effects of the oil price reduction on our trading partners. The new contracts and other issues pertaining to a change of trading partners will require a longer period of time, perhaps one year or more. This is necessary so that with the use of conditions set forth in the contracts and memorandums of understanding, one can bring about the needed transformation and stabilize one's direction.

However, the relevant statistics indicate that directions have been established and continue on its course. And God willing, by the end of 1366, after the pertinent statistics are in, we will see that the West's plot against the Islamic Republic of Iran will all be quite opposite of what they had envisioned for our

country. Our enemies in their plot considered several things as the stage setting for this motion.

Their first hypothesis was that this country is strongly dependent on revenue from oil foreign exchange and that we cannot separate itself fast enough from this source of income and resort to other non-oil sources of revenue. Their second hypothesis must have been based on the consumption complications which came about during the reign of the shah and his father, particularly after 1352 [21 March 1973 - 20 March 1974] when oil prices skyrocketed, and they thought that we could not easily set ourselves free from those restraints and as a result of pressure on demand and inadequate supply, we would give in.

Nevertheless, in the export sector the direction which was foreseen in the new economic circumstances and on which we took action was that as far as possible we would facilitate the export of non-oil products and create a chance for our non-oil exports as an active and healthy sector of our economy. For instance, during the first seven months of the current year, 302,000 tons of goods with an equivalent value of 434 million dollars were exported. In comparison to the same period of 1364 [21 March 1985 - 20 March 1986] we reduced tonnage of exports, however from the viewpoint of value, we have had 67 percent growth. Perhaps in the area of non-oil products' export we ranked among one of the first countries in the world in 1365. All this paved the way for the sector of non-oil products' export as a healthy activity.

Qualitatively speaking, we have also added new commodities to the export list of our non-oil products, and in the same manner during the current year we sent several delegations abroad to conduct negotiations on non-oil products' export and I think this was the first time we carried through this thought.

In view of the share of various economic sectors in the area of export, the sector of industry, for reasons of complications pertaining to the procurement of raw material, does not have quite a noticeable share on the whole, however the export of agricultural commodities comprises 42.85 percent of that list.

Similarly, export of mineral products is also faced with certain problems which have not been resolved and as a result it does not occupy a considerable share in the export list. Of course there have been new resolutions which will pave the way for the export of mineral products in the future, and God willing we will witness appreciable changes in the export of non-oil products soon. The carpet and handicraft industry sector occupies 41 percent of the total of our exports and 12 percent pertain to the share of other commodities.

From the viewpoint of priority of value, carpets, fresh fruits, pistachios, various kinds of hides, guts, caviar, raisins and currants comprise the most important export items.

The total foreign exchange revenue from the export of non-oil products during the first seven months of the current year amounted to 434 million dollars.

In order to encourage the exporters, certain foreign exchange discounts are being considered and such discounts as a form of foreign exchange would not return directly to the Central Bank. With due consideration to such discounts in the overall exports, from 434 million dollars about 354 million dollars pertain to the foreign exchange discounts accorded to the exporters. Namely, 81.63 percent of the total foreign exchange have returned to the Central Bank and 18.36 percent or about 80 million dollars of foreign exchange in the form of discounts have been made available to the exporters by the government.

If we continue the same way we've been going so far, the end of the current year we expect the equivalent value of 700-800 million dollars worth of our non-oil exports.

Some of the items which have been imported in exchange for non-oil products during the first six months of the current year consist of : Coffee, cinnamon, nutmeg, wild marjoram, other kinds of condiments and seasonings, chemicals, food products and antiseptics.

Question: With regard to the export of non-oil products there are some unresolved issues which cause certain delays in its perceived growth. Apparently, it seems that the private sector in this regard has acted in such a way which does not leave much room for appreciation. On the one hand, it has begun to export, on an extensive basis, many essential needs of the people so as to cause a considerable rise in the domestic prices which in turn has created difficulties and pressures for the low-income strata. Therefore, part of our non-oil products' export has been carried out at the expense of undue pressure on the deprived and low-income people, while on the other hand with regard to the time for refund credit, in some cases we have seen that an exporter has gotten hold of his foreign exchange credit far in advance of the time which has been mentioned on the refund credit letter and thus he finds an opportunity to enter into other deals and activities and makes a good deal of money and deposits the same in his personal account abroad. While the rewards and encouragements for the private sector seem to have increased the level of non-oil exports, we also notice that at the same time a major portion of the foreign exchange revenues from the export of non-oil products is transferred to the private sector and this procedure creates the possibility for this sector to act independently of the government and import non-essential or non-preferred items. What is your explanation to these objections and also what encouragements and mechanisms are being employed to return the foreign exchange revenues from the export of non-oil products to the system of foreign exchange income of the country?

Answer: The first objective, at the beginning of the programs, was to put the export of non-oil products into action and God willing, according to the available facts and figures we won't have the same problems in this regard as a few years ago. The second phase of the export of non-oil products pertains to the guidelines and procedures of our export motion. However, part of the objections which were pointed out in the question are valid. That is to say, in order to

translate our export of non-oil products into action, knowingly we made use of the encouragements and mechanisms and even right now we have to utilize such means in the markets where we've not been able to exert our presence and thus introduce our goods to such markets.

Nevertheless, within the framework of the new economic conditions we've made certain predictions which in reality form the second phase of our motion in relation to the export of non-oil products. Namely, how could we direct and guide this export motion without causing any undue delay or decreasing its momentum. For instance, it has been forecast that in the wake of the new economic conditions, we should have a stock exchange for non-oil foreign exchange alone where only foreign exchange of non-oil origin could change hands. It has also been suggested that the government and the organization of the Ministry of Economic Affairs and Finance should be in charge of the administration of this stock market, or from the revenues which accrue from the export sector we could create a special fund to be utilized in identifying the needs of the exports sector such as participation in trade fairs and so forth.

Now, let me give some explanation about some of the points which were discussed above. We've determined on three specific mechanisms for encouraging an increase of non-oil exports.

1- The purchase mechanism of the foreign exchange earned from the sale of export items with preferential rates. That is to say, the Central Bank, based on the type of commodity and the rating of the preferential rate which has been assigned to each commodity, has been obligated to purchase the foreign exchange earned from the sale of exports. In some cases, for instance apples of which we have a high volume of production, the preferential rate is predicted to reach 400 percent for its export and likewise for other items the rate differs 5 percent, 10 percent and so forth.

2- The other mechanism for encouraging an increase in our exports is that which enables an exporter to import the commodities which are needed by our people in lieu for his exports. This means that the exporter will make profits both ways-- one from the export items and other encouragements extended by the government and the other from the import of items and their sale in the domestic market, which in itself was another reason [motive] for encouraging exports.

3- The third encouragement was in the form of rewards and cash prizes which were not perhaps used quite enough.

What is more than anything else the focus of our attention and might do damage to our system of distribution is the part where the import of goods has been authorized alongside the export. Of course from the very beginning we've made appropriate decisions with regard to the type/kind of commodities which will be allowed to be imported along with the exports, of which a list of essential products needed by the country is prepared and right now there are certain items

on this list which are not allowed for import and/or are given very low priority.

As was mentioned before, the import commodities which were exempt from the system of pricing and distribution restrictions, created complications in the domestic distribution market and we hope to be able to follow proper guidelines and regulate the process accordingly.

It seems we've been successful in directing our efforts under the new economic conditions. A reduction of the import of the less needed goods versus the needed commodities was also successful, and as our brothers who are familiar with the economic issues of the Islamic Republic say [propound] this country can run on 12 billion dollars of annual foreign exchange revenue. Of course it is necessary to devise the needed plans and ponder on the subtleties for the overall program. In a way the pressures which were exerted on us by the superpowers forced us to expedite our goal in limiting the number of import items.

Our imports which surpassed 18 billion dollars in 1362 have been decreased and in the sector of exports, fortunately as of 1361 [21 March 1982 - 20 March 1983] its growth has been quite considerable.

If we put these two side by side, of course we notice the difference between the imports and the export of non-oil products is quite large, however we have to hope that in a few years we will be able to strike a balance between the two. The more important point is that the ratio of our non-oil exports to our imports which in 1355 [21 March 1976 - 20 March 1977] and 1362 were respectively 6.2 and 2 percent of the total imports of our exports, in 1365 this figure reached 10.23 percent which is a healthy sign for our foreign trade.

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BRIEFS

TURKEY'S MUSLIM VIOLATIONS CONDEMNED--Qom, 9 January IRNA--The Society of Teachers of Qom Theological School in a statement Thursday condemned flagrant opposition of Turkish officials to Islamic canons, especially the wearing of Hijab, and called on the Turkish government to avoid waging war against Islamic codes and divine instructions. The statement deplored the recent anti-Islamic move in Turkey which is backed by the country's officials and said that it not only hurt world Muslims but roused the sentiments of their Turkish co-religionists as well. It added that for a country claiming to adhere to Islamic canons, bullying of Turkish officials of the Muslim majority is contrary to democratic principles. [Text] [Tehran IRNA in English 1159 GMT 9 Jan 87 LD] /12232

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DECREASE IN IMPORT OF FOREIGN PRODUCTS URGED

Peshawar MASHRIQ in Urdu 14 Nov 86 Magazine p 2

[Article by Irtaza Haidar]

[Text] Every patriotic Pakistani is certainly aware that Pakistan owes \$10 billion in foreign loans.

For 36 of the past 38 years we have had a foreign trade deficit, we made profit in only 2 years; the first time in 1951-52 because of the Korean war, and the second time in 1971-72 due to a record 130 percent devaluation of the Pakistan currency. At present the foreign trade deficit which has been increasing every year, amounts to 5.4 billion rupees.

Because of this deficit, foreign loans and interest on these loans, we have to take out further loans. Every year the amount of loans increases; we are making the coming generation a nation of beggars.

The rate of unemployment of daily on the rise, and now even educated people are wandering about in search of employment.

The value of a country's currency is a reflection of the strength of the national economy and the success of the economic policies; unfortunately, the value of our currency has been declining steeply for the past 15 years. As against 4.60 rupees in 1970, the U.S. dollar today is equal to 16.00 rupees.

For the serious, conscientious Pakistani citizen, these facts are indeed disturbing and alarming. What is the solution to these problems?

Anyone, whether a Pakistani or a foreigner, cannot but be impressed by our extravagant and luxurious way of life. The abundance of luxury goods found in our bazaars is a clear indication of our luxurious way of life. The bazaars and big shops in the major cities are full of foreign goods and equipment. As to products that are not allowed to be imported legally, we can obtain them from abroad very easily through a gift scheme. Now it is no longer necessary to go to Landi Kotal and Bara; all our bazaars and shops have become Landi Kotal and Bara. In addition, we have the facilities of duty-free shops. Thus, all kinds of foreign goods can easily be obtained.

If a customer were to state mistakenly that the goods in a shop was made in Pakistan, the infuriated shopkeeper would say confidently that the products in his shop were all foreign goods; he would act as if the customer had accused him of committing a big offense. Some Pakistani goods is sold under the label of foreign goods, and like fools we pay high prices for them.

The abundance of cars on the roads are enough to bewilder not only Pakistanis but foreigners as well. One sees very expensive cars, foreign goods and equipment such as color television sets, VCR's, tape-recorders, refrigerators, dishwashers, all kinds of clothing, readymade garments, cosmetics, china, shoes, toys, small and big, cheap and expensive--in short, all kinds of foreign goods. Furthermore, it is customary to buy a new model every year, because keeping the old model is considered a sign of a lack of success.

Nowadays, a new kind of business is conducted: people bring trunkloads of slacks, shirts, ties, socks, shoes, cologne, music and movie cassettes, movie magazines, etc., from Singapore, Hong Kong, Bangkok and other foreign cities. This business is going strong. If the person has an acquaintance of the Customs Department, he also brings in VCR's. The trade in Indian movies is brisk; British, American and other foreign movies that are restricted are available in the open market. Most Indian magazines are available, especially movie magazines. In particular, STAR DUST, which costs only 5.00 rupees in India, costs as much as 45.00 rupees in Pakistan; its fans are ready to pay any price for it. Despite government restrictions, these items are readily available. The fans of these movies and magazines know by heart the names and background of the actors and actresses, and their clothing becomes popular fashion wear here.

Youths are dropping out of school and opening VCR and record shops.

Such shops are found in all the bazaars.

The greater the amount of foreign goods and equipment in a home, the more it is viewed with respect; people proudly state that all the goods in their home is of foreign origin.

At the home of an executive we had the opportunity to visit, we liked the lawn very much and praised it. The executive responded, "Wait till you see the house inside; you'll be astonished," and he said he had brought all the household goods from abroad.

If one looks around, one finds that all the items connected with a marriage, from clothing to jewelry, are imported; a dowry consisting of Pakistani goods is not considered noteworthy.

These are luxury items. On the other hand, we need machinery and raw materials for industrial development, and we need sophisticated foreign technology that helps in the development of industry. But when machinery of a type that is Pakistan is imported from abroad, even though the Pakistani machinery is clearly of better quality than the foreign product, then the importation of foreign machinery also falls in the luxury category.

Furthermore, when we obtain a loan from the International Monetary Fund or another financial organization, emphasis is placed on free enterprise; in particular it is stressed that minimum restrictions should be placed on trade imports. We accept these conditions without argument, and thus we are able to get loans easily. Our officials and high-level authorities consider these loans to be proof of good economic performance, a good standing in the financial markets and the success of their financial achievements. Besides the emphasis on free enterprise, there are other stipulations such as that we should purchase our machinery and raw materials from countries recommended by the organization concerned. Such machinery and raw materials are costlier and of a lower quality than can be found on the free market. The borrowing country is forced to call in experts from the recommended country; these experts, who are generally not competent and more often than not are unemployed in their own country or are low paid employees, are given high privileges here. Sudan and India did not borrow money from the International Monetary Fund precisely because the conditions were not acceptable to them. India's application for a \$5 million loan was approved, but the Indian leaders rejected the loan. With the help of these financial organizations, the so-called civilized, developed countries obstruct the expansion of our industries through various means. These are the very countries that are responsible for the poverty and economic difficulties prevailing in Third World countries. They control the international financial organizations, which are not interested in the welfare and prosperity of the people or the progress of the developing countries of the Third World; their policies are aimed at helping these developed, industrialized countries to undermine the economies of the Third World countries. According to a report by GULF ECONOMIST in 1974, Japan was selling some machinery in Pakistan for \$24,000; when Pakistan started manufacturing this machinery, in order to undermine Pakistan's economy Japan began selling it in 1978-79 for \$15,000, although compared to 1974 prices had increased considerably by 1978-79. Undoubtedly, even at a price of \$15,000 in 1978-79, Japan was still making a profit on the machinery.

You can figure out for yourself the profit it was making when it sold the machinery for \$24,000 in 1974. You can see from other examples, too, how the developed, industrialized countries hinder the progress of the Third World developing countries. The former spend billions of dollars on making nuclear weapons and on the conquest of the moon and the stars in the name of progress. They are not concerned with the tens of millions of starving people in Africa and the hundreds of thousands of floodstricken people in Bangladesh. It is because of the underhand tactics of these developed countries that all the countries of the Third World owe billions of dollars in loans to the industrialized countries. The developed, industrialized nations are making smaller countries fight one another by selling them arms and ammunition. And as long as the industrialized nations can sell their weapons, they will be able to maintain their economic development at the desired rate. The biggest problem facing us at this time is to free ourselves from the clutches of these oppressors.

The annual deficit in our foreign trade has reached \$3 million as a result of purchasing enormous quantities of foreign goods. Now, in order to reduce the deficit and make up for the losses incurred during previous years and to pay

the recurring interest, Pakistan has to take out further loans. Continuous deficits have entrapped us in an unending vicious cycle of debt. It has become inevitable for Pakistan to take out loans because it has to complete major development projects such as the Tarbella Dam, the steel mill, etc., as well as meeting social requirements. But the deficit can be reduced by putting a halt to the importation of luxury items.

A country's economic stability, economic strength and living conditions can be judged by the market value of its currency. Our country is filled with imported goods, and the payment for such goods is made in the same proportion in foreign currency which has to be earned. As 70 percent of our payments is made in dollars, therefore first of all we have to buy dollars. There being a big demand for the dollar all over the world, its value is increasing very rapidly. In other words, the value of the Pakistani rupee is declining, as a result of which the dollar, which was equal to 4.60 rupees in 1970, is equal to approximately 16.00 rupees today. This means that in terms of the Pakistani rupee, our foreign loans have increased fourfold.

Now, to decrease the deficit, to stop the further devaluation of the Pakistani currency and to halt foreign loans we must stop using foreign goods. If Japan, the United States, the Soviet Union, China and India can control their imports for the benefit of their development, prosperity and stability, there is no reason why we shouldn't be able to do the same. The United States and the European market have fixed a special quota for importing cotton goods from Third World countries. India imports only 15 items from abroad. But Pakistan legally imports 450 items, and innumerable items are smuggled from abroad.

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